

FINANCIAL TIMES

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Waigel rejects
French advice on
interest rates

German finance minister Theo Waigel told his French counterpart, Edmond Alphandery, that German monetary policy was a matter solely for the Bundesbank. There would be no collaborative reductions in interest rates, as called for by Mr Alphandery, he said. The French minister had said the Bundesbank should move faster to relax its "unduly restrictive" monetary policy. Page 24; Currencies, Page 13

Terrorism warning if Bosnia splits Bosnia's vice-president, Ejup Ganic, said Europe would face a wave of terrorism if it backed a partition of Bosnia. Page 3

S Africa talks stormy Members of South Africa's Afrikaner Resistance Movement, which wants a separate white homeland, stormed democracy talks in Johannesburg. Page 4

Tax rise warning unsettles London stocks

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US Senate passes budget cuts plan

By Nancy Dunne in Washington

PRESIDENT Bill Clinton yesterday hailed Senate passage of a five-year, \$500bn (283.3bn) budget-reducing plan approved by a 50-49 vote in the early hours of the day.

"We can now move on to a [House-Senate] conference committee with a clear signal to the financial markets that its interest rates should stay down," he said.

For the first time in a very long time, an American president can go to a meeting of the G7 nations in a position of economic strength, trying to lead a renewal of growth and opportunity all over the world."

Mr Clinton acknowledged that the Senate bill had been changed "to some extent" from his own version, but also praised his Democratic colleagues for having shown "a remarkable degree of courage".

If the economy fails to pick up steam, both he and they will have to bear the blame from a constituency which gives little credit for valour.

Senate and House Democrats, having passed packages which broadly conform to the president's wishes, will have

no time to gloat about victories achieved without any Republican support. A conference to resolve their differences could begin as early as next week and tough haggling lies ahead. A final vote is expected late next month or early in August.

The close vote in the Senate emphasises the challenge for the budget negotiators. Six Democrats deserted the president, and Vice President Al Gore was forced to cast a tie-breaking vote.

Both versions of the bill achieve budget reduction, but the House version would do more to achieve tax redistribution from the wealthy. The House agreed to a modified version of the president's proposed broad-based energy tax, which the Senate rejected in favour of a 4.3 cents-a-gallon fuel tax (with an exception for jet fuel). The conference is expected to produce something to broaden the fuels tax.

Both bills raise top corporate tax rates from 34 to 35 per cent and reduce deductions for business meals and entertainment from 80 to 50 per cent. They ban deductions for lobbying, club dues and executive pay over \$1m. Both allow invest-

ment tax credits on machinery, although the House was more generous.

Mr Clinton indicated that he would push for a resurrection of his investment incentives so states such as California, hit hard by defence cuts, will get offsetting jobs growth. "You can't create jobs out of thin air," he said.

The House voted to restrain the growth of the health care programme for the elderly by \$50bn over five years. The Senate added another \$10bn to its bill. Both houses agreed to a repeal of luxury taxes on yachts, aircraft, jewels and furs.

Mr Leon Panetta, the budget director, yesterday laid out the administration's bottom line: \$500bn in deficit reductions, progressivity and a broad-based energy tax.

The president, who positioned himself above the fray in the Senate, now seems prepared to take a stronger role in the negotiations. "If you look at the level of aggression this country has displayed in trying to do something about its economic circumstances as compared with what is going on in these other nations... the US should be very proud," he said.

Ganic urges international community to reject plan to partition his country

Warning of terror if Bosnia is split

By Laura Silber in Belgrade

BOSNIAN Vice President Ejup Ganic yesterday warned that Europe would face a wave of terrorism if it backed a partition of Bosnia.

In an interview in the besieged capital of Sarajevo, Mr Ganic painted a picture of a Lebanon-style conflict that could result in a campaign of violence if the international community abandoned a united Bosnia.

Mr Ganic and President Alija Izetbegovic boycotted yesterday's meeting of the Bosnian collective presidency to discuss the partition proposed by Mr Radovan Karadzic, the Bosnian Serb leader, and his Croat counterpart Mr Mate Boban.

Bosnia's Muslim leaders have rejected the partition because it would "legitimise ethnic cleansing" and would confine the Muslims to reservations in economically unviable micro-states.

Mr Ganic predicted the war would last for 10-15 years. He lashed out at Britain and France, saying Bosnia's Muslims had "naively" believed they would win backing from both countries, but it will happen, especially in Europe. I don't want to participate in that," he said.



Bosnian Croat boys look through a barbed wire fence in the UN French forces compound in Nakurj

pean Community, was approved on Thursday night for debate. The US position was unclear, though the resolution was designed to cater to President Bill Clinton's wish to lift the arms embargo on the Bosnian Muslims.

Sarajevo radio yesterday reported an upsurge of fighting in Zepce, Zavidovici and Maglaj, towns north of Sarajevo. It also said there were renewed clashes west of the capital. In an attempt to stave off the carve-up of Bosnia, Muslim-led Bosnian forces are trying to gain control of key towns to link up their enclaves.

In Belgrade, Serbian President Slobodan Milosevic cemented his hold over what remains of Yugoslavia, now comprising Serbia and its tiny ally Montenegro, when the federal parliament elected Mr Zoran Djindjic as president.

"This is the sort of president that Milosevic conceived. Lilić is his Serbian puppet sitting on top of the two-republic federation," said a western diplomat based in Belgrade.

As president, Mr Lilić will also be the supreme commander of the Yugoslav army, which ensures that Mr Milosevic will have total control over the armed forces.

Russian tractor job eludes Harvard man

By Leyla Boulton, recently in Vladimir

THOUSANDS of shareholders in the Vladimir Tractor Plant, 200km east of Moscow, met in a football stadium this week to decide who should lead their newly-privatised company.

The uneven competition, complete with posters, programmes and snacks, indeed had all the trappings of a football game.

But despite being younger and better trained, Mr Iosif Bakaleinik, a Russian graduate of Harvard Business School who controls 12 per cent of the shareholder votes, failed to take over as chief executive from Mr Anatoly Grishin, the old-style manager who has run the plant for 18 years.

The 40-year-old challenger's convincing presentation of plans to improve incentives for workers, and to prepare the company for competition, failed to sway a majority of shareholders, who voted for the certainty represented by 60-year-old Mr Grishin.

Pitted against Mr Bakaleinik were not only fears of what one worker described as "more revolutionary changes in our lives" but the vested interests like those of Tractorexport, the

state organisation which exports the plant's tractors and controls 10 per cent of shareholders' votes through a proxy.

Powerful propaganda before the meeting included a warning from the regional administration chief that "a Harvard education does not train you to tackle the difficulties of the Russian economy".

Mr Bakaleinik, who was the plant's finance director until he went to Harvard, did manage to secure a seat on the board of directors however, and promised he would be back to fight for the top job.

In the absence of any experience of capitalism, many workers made their decision on the basis of parallels with Russian politics. Mr Bakaleinik should not be trusted because, like President Boris Yeltsin, he made a lot of nice promises but would probably not keep them, said Mrs Nadezhda Baranova.

But Mrs Galina Chernishova displayed the sort of sly faith in the future that has helped account for much of Mr Yeltsin's popular support. "Change is happening all over the world. Why shouldn't we have it at our company?" she said. "Things won't improve for us but at least our children will live well."

US bank files \$1.5bn BCCI suit

By Alan Friedman in New York

THE global settlement between the liquidators and depositors of the collapsed Bank of Credit and Commerce International (BCCI) could be placed at risk as a result of the \$1.5bn (£1bn) law suit against Sheikh Zayed bin Sultan al-Nahyan, the leader of Abu Dhabi.

The suit, filed in a US court by First American Bank, secretly and illegally acquired by BCCI, alleges that Sheikh Zayed, his family and senior former First American officials such as Mr Clark Clifford, the former US defence secretary, were guilty of racketeering, conspiracy and fraud.

Mr Clifford was indicted last year in New York on charges of accepting bribes and lying to US bank regulators.

The suit says the Abu Dhabi ruler and his government were to blame for financial damage caused by the BCCI affair because he was "the dominant and controlling shareholder" of BCCI since 1972.

Specifically, it says Sheikh Zayed and his colleagues were responsible for reducing First American's sales value by \$500m and caused a loss of \$1bn of deposits.

In Washington, Mr Caffey Norman, a lawyer for Sheikh Zayed, denied the allegation and said he was "outraged" and would contest the charges.

This is the first such legal action against the ruler of Abu Dhabi, whose government has repeatedly denied any guilt in the BCCI affair. It comes amid mounting speculation in the US that either federal prosecutors or Mr Robert Morgenthau, the New York district attorney, may be planning to indict Abu Dhabi officials.

The suit could have wide-ranging implications because it is a rare US legal action against a foreign head of state and because it could derail the planned settlement for BCCI depositors agreed last year by liquidators and Sheikh Zayed's government.

In Cairo, Dr Adil Elias, chairman of the BCCI depositors committee, said he supported the legal action and would ask BCCI liquidators to reconsider the deal they agreed last year with Abu Dhabi in light of the lawsuit.

Yeltsin aides urged to resign

By Leyla Boulton

RUSSIA'S special prosecutor for corruption yesterday stood by his demand that two of President Boris Yeltsin's closest aides should resign in order to facilitate an investigation into allegations by Vice-President Alexander Rutskoi.

Deputy prosecutor general Nikolai Makarov denied that his call on Thursday for the resignation of Mr Vladimir Shumeiko, first deputy prime minister, and Mr Mikhail Potanin, the presidential aide who runs the state-owned media, was politically motivated. But he said the two men could use their high position to influence the course of the investigation.

Vowing to sue Mr Makarov

for slander, Mr Shumeiko said yesterday his accusations were a "provocation" designed to help parliament resist Mr Yeltsin's attempts to push through a new constitution and new parliamentary elections. The prosecutor general's office has tended to side with parliament over political reform.

Mr Shumeiko is one of the driving forces behind Mr Yeltsin's Constitutional Convention, which today reconvenes after a 10-day intermission to resolve differences in hammering out a draft constitution.

Mr Yeltsin has promised top officials will be equal to ordinary citizens before the law, but has sometimes given conflicting signals on his determination to wage "all-out war" on corruption.

Call for UN rights post

By Patrick Blum in Vienna

THE United Nations world human rights conference was due to end in Vienna yesterday evening with the adoption of a grand declaration designed to give a new impetus to the protection and promotion of international human rights.

The declaration expected to be approved by the conference, reaffirmed the principle that human rights were "universal, indivisible, and interdependent", and urged the UN to consider establishing a Human Rights Commissioner to monitor and promote human rights.

As weary delegates from over 160 countries raced against time to reach a consen-

sus on a final declaration, debates continued to reflect deep differences of opinion on what constitutes human rights and the best way to promote them. The differences were most marked between the developed north and developing countries of the south.

On Thursday, Islamic and African states separately and successfully demanded that the meeting adopt strongly-worded declarations on Bosnia and Angola. This broke a tacit agreement that specific countries should not be mentioned.

The moves threw the conference, which opened two weeks ago, into confusion and delayed proceedings on a final declaration.

The conference also adopted a declaration calling for the immediate sending of aid to Angola and an end to the country's civil war.

Developing countries were concerned that the appointment of a commissioner would strengthen what they see as western bias and lead to intrusion in their domestic affairs. To meet their criticisms the declaration also recognised the right to development as a basic human right.

But a joint statement from some of the 160 NGOs at the meeting said the declaration was "flawed" because it failed to commit governments to practical measures to protect and promote human rights.

Italy's CD party refuses to let leader quit

By Haig Simonian in Milan

ITALY'S Christian Democrats yesterday unanimously rejected an offer to resign by Mr Mino Martinazzoli, the party leader.

The resignation offer followed the party's poor performance in administrative elections this month.

Mr Martinazzoli's attempt to stand

down from his job, ostensibly in response to the electoral setback, also reflects his mounting frustration at the failure of senior party leaders to rally to his calls for reform and a stream of recent leaks to the press by party members opposed to change.

A special party conference, expected on July 15-17, could be the last chance to stave off a split between reformists,

who are demanding a change of name and strategy, and those opposed to radical change.

The Christian Democrats have been linked to some of the worst excesses of the corruption scandals and top party figures who allegedly took kickbacks have refused to step down.

The party lost control of a number of big Italian cities in the local elections

and saw their support shrink in much of the country, including parts of the south where they had traditionally been the dominant political force.

Earlier this year, Mr Mario Segni, one of the most popular politicians in the country who headed the referendum movement, left in frustration at the party's inability to promote reform from within.

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QANTAS

Babangida may try to rerun poll

By Paul Adams and Reuters in Abuja

NIGERIA'S military President Ibrahim Babangida pledged yesterday to install a democratically elected president on August 27, the date originally scheduled for the handover to civilian rule.

It was not immediately clear how General Babangida planned to implement his promise and he provided no further details.

A presidential spokesman suggested Gen Babangida would authorise a rerun of last month's presidential elections, which were annulled earlier this week by his government. Gen Babangida, who seized power in a 1993 palace coup, was speaking after briefing senior military and police officers on the outcome of a meeting of his top military-civilian council.

The spokesman said later that the decrees authorising the transition to civilian rule "had been suspended and not repealed", leaving open the possibility that Gen Babangida may be having second thoughts.

"We shall install a democratically elected government on the 27th of August for this country," Gen Babangida said.

Taken at face value, his remarks, ahead of an address to Africa's most populous nation, would appear to herald the end of 10 years of military rule. But there was no clear indication that he was prepared to reverse his decision to annul the June 14 presidential election which pitted Moshhood Abiola against Bashir Tafa, or to order the elections to be held again. Mr Abiola emerged as the comfortable winner in the poll.

"We are committed to democracy," Gen Babangida said. "We are committed to our democratisation process... We shall install a democratically elected president that will meet the aspirations and the yearnings of our vision of Nigeria of the 21st century," he said.

Gen Babangida, in full military uniform, said he would address the nation today. "I am going to tell you how we intend to do it," he said. There was no immediate comment from Mr Abiola last night.

Assault by right disrupts talks in S Africa

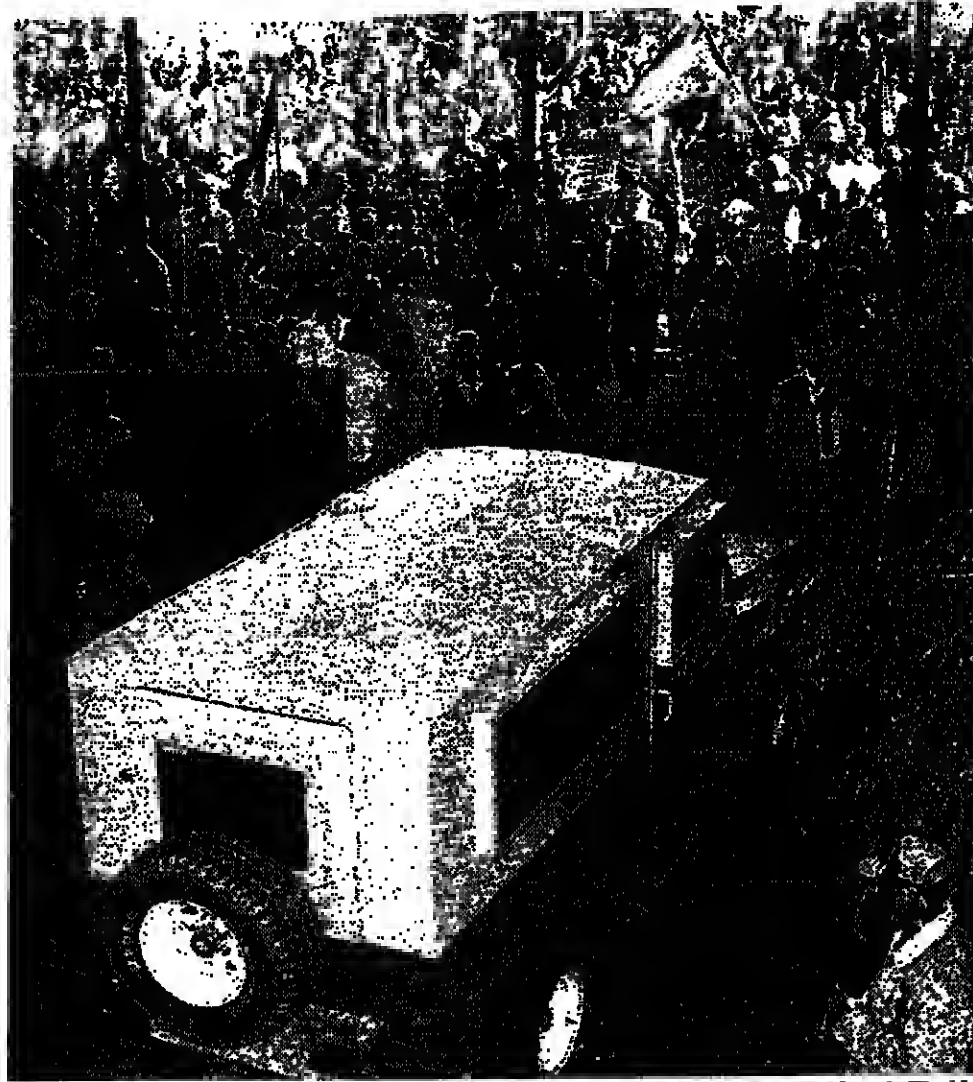
By Petri Waldmeir in Johannesburg

SOUTH AFRICA'S right-wing whites, some of whom yesterday drove an armoured car through the plate glass front of the country's constitutional conference centre, have long had the arms, the skills and the organisation to disrupt a peaceful transition to democracy in the new South Africa.

Yesterday saw the first worrying signs that they might also have the determination to do so.

About 1,000 heavily armed police took little action against the members of the Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement), who stormed the World Trade Centre outside Johannesburg, beat up black women delegates and journalists, and defiled the walls of the negotiation chamber with slogans demanding an Afrikaner homeland and accusing the ruling National Party of treason.

Terrified delegates fled the centre, leaving about 100 men and women, all holding weapons - occupying the chamber where South Africa's first multi-racial constitution is being written. About 3,000 more



The armoured vehicle used by white right-wingers to smash their way into Johannesburg's World Trade Centre is protected by khaki-clad demonstrators as it leaves the building yesterday

waited outside.

Many protesters cited the fact that, on the eve of the assault, constitutional negotiators had voted by an overwhelming majority to deny the demand of the right-wing Con-

servative Party (which represents ultra-radical whites) for Afrikaner "self-determination" in a separate white state. Nonetheless, within hours, the 36-party negotiating forum was back in business, with the

chamber walls repainted to cover right-wing slogans, and even the Conservative Party (which helped lead the attack) seated at its accustomed place. Once again, the centre held; but it had another nasty shock.

Jakarta places travel ban on bad debtors

By William Keelling in Jakarta

THE Indonesian government has imposed a six-month overseas travel ban on more than 300 businessmen amid growing concern at the size of the bad debt carried by Indonesia's state banks.

The identity of those affected has not been published but all have had debts with the state banks of at least Rp250m (\$80,000).

Government officials say the travel ban complements a recent confidential report into the worst of the state banks' corporate debtors conducted by Bank Indonesia, the central bank, and the attorney general's office.

An unauthenticated copy of the report, circulating in business circles for the past week, indicates that 26 leading companies - many politically well-connected, including three led by relations of President Suharto - are not servicing loans totalling Rp6,900m from six state banks.

Bank Indonesia has refused to confirm the report despite intense questioning of Mr Sudradjat Djawansono, central bank governor, by members of the parliamentary finance committee this week. He has publicly maintained the official line that the banking sec-

tor's bad debts - including both state and private banks - amount to only Rp2,500bn, while many of the companies cited in the alleged report have denied they are in default to the state banks.

Total outstanding credits of the sector are about Rp130,000bn, of which state banks account for 55 per cent. Executives of private banks, however, believe the sector's non-performing loans may be as high as Rp20,000bn.

The World Bank, which last year made a \$300m (\$200m) loan to help recapitalise the state banks, described the banking system in Indonesia as "under strain" in a report last month.

Indonesian cabinet ministers have pledged to tackle the bad debt issue, regarded as a potential Achilles heel of an otherwise robust economy.

However, the central bank report, if true, will leave President Suharto - who has proven averse in the past to acting against businesses he considers loyal to his regime - with some difficult decisions.

NEWS IN BRIEF

Bonn promises tough line on Kurdish threat

THE German government yesterday promised tougher security for Turkish property and considered a ban on Kurdish militants after harsh criticism from Ankara that they had failed to protect Turkish targets from Thursday's wave of attacks by Kurdish separatists, Reuters reports from Bonn.

The militant Kurdistan Workers' Party (PKK), which is fighting a guerrilla war against Ankara, claimed responsibility for the simultaneous attacks on Turkish diplomatic missions, banks and travel agencies across western Europe, including at least 13 in Germany, and for holding hostages for 14 hours in the Turkish consulate in Munich.

Germany has been swift to act following Turkish accusations that Bonn was not doing enough to protect Turks, a particularly sensitive charge given the repeated failure of police to protect Turks from racist assaults.

Hyundai strikers go back to work

The threat of widespread industrial action at Hyundai, South Korea's largest conglomerate, appeared to recede yesterday, raising hopes that the country will not be convulsed by labour strife this year, writes John Burton in Seoul.

Workers at Hyundai Precision, a container and jeep manufacturer, who initiated labour action within the giant industrial group on June 5, agreed to return to work after they gained concessions on job conditions following the mediation of the labour minister, Mr Rhee In-ye.

Daewoo also faces the threat of industrial action, but the government hopes that resolution of the disputes at Hyundai will persuade the Daewoo workers to drop their proposed action.

Talks on Hong Kong stalled

Britain yesterday reported "a little progress" in the sixth round of talks with China over British plans to widen the franchise in Hong Kong, writes Tony Walker in Beijing. Sir Robin McLaren, Britain's ambassador in Beijing, is to report to a special UK cabinet session on Hong Kong amid signs of growing British frustration.

Japan to become biggest donor

Japan plans to extend about \$120bn (\$18bn) in foreign aid in the next five years, almost twice the amount it disbursed in the previous five years, and making it the world's biggest donor, writes Charles Leadbeater in Tokyo.

The aid programme is designed to promote private capital investment in developing countries and undermine foreign criticism of Japan's growing trade surplus. Japan argues that the surplus does not damage the world economy because it recycles its export earnings as a capital outflow to the rest of the world.

Canadian premier names cabinet

Ms Kim Campbell, sworn in as Canada's first woman prime minister yesterday, has named her new cabinet, cutting the number of ministers from 39 to 26 as part of a sweeping government reshuffle, writes Bernard Simon in Toronto.

The new finance minister is Mr Gilles Loiseleur, a bilingual Quebecer. Mr Perrin Beatty was named to the external affairs portfolio, while Mr Jean Charest, Ms Campbell's main rival in the Conservative leadership race, becomes deputy prime minister. Ms Campbell, whose Progressive-Conservative party is lagging in the polls, is expected to call a general election in the autumn.

Lithuania launches own currency

Lithuania yesterday became the last Baltic country to introduce its own currency, the litas, writes Matthew Kaminski in Vilnius. The Bank of Lithuania floated the litas, whose introduction has been repeatedly postponed, at 4.5 to the US dollar.

\$2.1bn pledged to Ghana

A consultative meeting of donors in Paris has made preliminary commitments worth \$2.1bn (\$1.4bn) for 1993-4 in support of Ghana's economic reform programme, writes Michael Holman, Africa Editor. A statement by the World Bank, which chaired the two-day conference, said the pledges exceeded the \$1.7bn seen as the minimum level needed to meet Ghana's import requirements over the two years. The group "commended the government for its success in implementing its courageous and comprehensive reform programme."

Clinton selects Aids chief

President Bill Clinton yesterday named Miss Christine Gabbie as the co-ordinator of US policy on Aids, and promised that health care reforms now being developed would ensure that Aids patients were "not victimised by unfair insurance policies". Lisa Branstetter writes from Washington. Miss Gabbie, a nurse who was director of Washington State's health department and served on the presidential commission on Aids under Ronald Reagan, will oversee the \$2.7bn (\$1.82bn) Aids budget.

Recent scandals stir voters from apathy

Japan's electors now seem determined to throw out the old-style politics, reports Emiko Terazono

WHILE his opponents took to cruising the streets of Tokyo in gaudy loudspeaker vans this week to rally voters for a metropolitan assembly election tomorrow, Mr Toshio Terayama adopts a more modest approach.

At 25 the Japan New Party's youngest candidate, he campaigns on a banner-festooned bicycle.

After last weekend's political upheaval, the city election will be an important pointer to the outcome of the parliamentary election on July 18. It will test the strength of the reformist parties including the JNP as well as what remains of the ruling Liberal Democratic Party.

"You don't have to spend so much on election campaigns,

and I'm here to prove it," says Mr Terayama.

He tells his listeners that he will try to narrow the gap between politics and the electorate.

The move to unravel the old money-driven political system dominated by the LDP has struck a chord with younger voters, who have been discouraged by the spate of corruption scandals within the ruling party.

Many voters are showing greater interest in the local polls than in the past, when turnout has been below 60 per cent.

"I haven't voted since I got married, but I'm interested this time," says a housewife in her twenties listening to Mr Terayama.

ama, while Mr Hiroaki Sawazaki, a 30-year-old writer, says: "It's easy to be cynical, but it's our generation that has to

The city poll will be a crucial test for the reformist parties and what remains of the ruling Liberal Democratic Party

bring in changes."

Some local LDP candidates are expected to follow Mr Tsutomu Hata, the former finance

minister, who split from the LDP this week to form his own party. A few candidates have covered up the LDP name on their sashes with tape or concealed the LDP logo on their campaign posters with stickers supporting political reform.

Meanwhile, many politicians in the provinces have also indicated that they want to defect from the LDP. Even those who have chosen to remain with the ruling party have refused campaign support speeches from Mr Kichii Miyazawa, the embattled prime minister.

According to a poll of 900 voters published on Thursday by the daily Asahi Shimbun, 20 per cent said they would vote LDP, down from 25 per cent in 1989, while the JNP came in

second with 10 per cent support. The survey - conducted on Sunday and Monday before the formation of the two new parties - indicated that the Social Democratic Party, the largest opposition party, could be hit the most, with a support level of 9 per cent, down sharply from 17 per cent.

With political reform as the only concrete issue even on the local level, voters are increasingly confused by the sprouting new parties. Voters say it is hard to differentiate among them. "I've voted LDP until now, but I don't really know who I'll vote for in the local election," says a middle-aged housewife who put down her groceries to listen to a campaigner.

Mr Terayama says he is trying to promote social welfare. But his main message consists of the need for cleaner politics and ousting the LDP.

Whether candidates like Mr Terayama backed by the new reformists can arouse many among the electorate who have been turned off by the spate of bribery and tax evasion scandals, remains to be seen.

It will take more than good weather to lure the electorate to the polls. Some voters, who for a long time have felt their votes would not make a difference, remain complacent. "I might vote this Sunday if I have the time. It's hard when you have children you know," says another housewife, scurrying past the campaigner.

Political funding: the rewards and the pitfalls

AT A UK construction company which is one of the Conservative party's biggest donors, one executive went on the offensive this week.

Commenting on the row which has flared in parliament and the press over corporate contributions to the Tories, he declared: "Take a look at Italy, or even the good old US," he said. "By comparison, what happens in the UK is tiny."

The executive's point is partly justified. The dispute in Britain centres on what the Labour party calls a £15m "credibility gap" - the difference between the Conservative party's declared total of £15m in donations during the run-up to the 1992 general election, and the £3.7m in publicly disclosed contributions, detailed in companies' annual reports. The rest comes from undisclosed individual and foreign sources.

The gap is indeed small compared with the £1bn-plus hole in the accounts of the Italian parties, which are at the centre of financing scandals which have undermined the country's political structure.

In the US, trading cash for influence is an accepted part of the political system. Ex-President George Bush awarded a dozen ambassadorships to members of Team 100, individuals who had at least \$100,000 to the Republican Party. Ms Pamela Harriman, the English-born widow of the US statesman Averell Harriman, who gave about \$75,000 (\$50,000) to Democratic candidates last year, is now US ambassador to Paris.

In the main industrialised countries there are a plethora of reasons why parties give - or do not give - to political parties, but Britain has been some way down the list of countries where malpractice is prevalent.

In Italy, there is often a precise and mutually beneficial relationship between payments to political groupings and rewards in the shape of extra orders. Mr Carlo de Benedetti, the chairman of Olivetti, the computer and office equipment group, has recently denounced as "racketeering" the routine

payments of Italian companies to pay kickbacks to political parties to win contracts. He says his company was forced to make such payments to win orders from the posts ministry.

Total bribes and kickbacks paid annually by Italian companies to win contracts have been estimated at £5,000bn to £6,000bn (£2.2bn-£2.64bn), much of which has ended up in

the pockets of the political parties.

Flat, the big motor group, has brought in a code of conduct forbidding payment of kickbacks by its employees. If such initiatives prove workable, they would have a dramatic effect on Italian business life.

In the US, too, restructuring of party financing is on the political agenda. For 20 years the most efficient means of disbursement has been via political action committees (PACs), which "bundle" together and pass on contributions from individuals and special interests either directly to candidates or, to get around ceilings on such donations, to the two political parties.

President Bill Clinton wants to ban PAC contributions and stop the transmission of such so-called "soft money" to candidates.

His bill to reform campaign finance has already passed through the Senate without substantive alteration. Mr Clinton and Mr Bush each got \$55m (£37m) from the federal purse, plus about another \$10m from their respective parties, to fight their campaigns last year, but refused to accept PAC contributions. Mr Ross Perot, the maverick free enterprise candidate, paid for his own campaign - about \$70m.

Sometimes, corporate attempts to gain a hold over the levers of power can go

disastrously wrong. In Japan, which has one of the most extensive networks of legal and illegal payments linking big companies and the government party, the most obvious failure was the Tokyo Sagawa Kyubin scandal. In the hope of gaining influence, the company illegally donated at least ¥500m (\$3m) to Mr Shin Kanemaru, the disgraced power-broker of the Liberal Democratic Party. The company has since had to be financially restructured, while the executives involved are under trial for breach of trust. Mr Kanemaru had to resign, and is facing tax evasion charges.

In Canada, which has well-developed rules for disclosure, many of the largest contributors - to both political parties - are businesses which have a poor public image and are thus under threat of political action (such as the big banks and the tobacco companies).

In Spain, corruption involving channelling of funds to state authorities and party interest appears to be endemic in the construction industry. "It is part of everyday life, built into the business you could say," said a senior executive in a leading construction company.

Germany's Siemens electrical group has been caught up in allegations of payments of at least Ptas85m (\$4.23m) to a group of Spanish intermediaries linked to the ruling Socialist party. Siemens' prize was to clinch a Ptas100bn contract in 1989 to provide electrification along the 471kms of high-speed train tracks that link Madrid and Seville.

Siemens says the payments were bona-fide commissions representing an agreed percentage of the final contract.

In France, which like Spain has had its share of recent funding scandals, companies are coy about their political contributions - although greater disclosure will be required next year under a recently-passed law. Mr Bernard Arnault, chairman of Louis Vuitton Moët Hennessy (LVMH), the French luxury goods group, who terms his company's gifts as "extremely

The global political funding scandal: who's bringing what to the parties?

- USA**
Donations come through political action committees, which raised \$65m last year. Largest contributor was "Emily's List", which paid \$3.2m to get more women elected to Congress. Other big donors were the National Association of Realtors (\$3.1m), American Medical Association (\$2.8m), International Brotherhood of Teamsters (\$2.4m), Association of Trial Lawyers (\$2.4m), National Education Association (\$2.3m), United Parcel Service (\$1.5m), AT&T (\$1.3m).
- Japan**
The Kaidanren federation of employers associations agreed about ¥15bn of Liberal Democratic party funding each year, which is then parceled out to industry federations and companies. 1992 donations by companies included: Oil Companies Association, ¥91m; Japan Steel Association, ¥91m; Sakura Bank, ¥85m; Fuyo Bank, ¥85m; Mitsubishi Bank, ¥85m; Sanikoku Bank, ¥85m; Long Term Credit Bank, ¥85m; Tokyo Bank, ¥85m; and Nippon Steel, ¥75m. The Sohyo Centre, of labour unions that support the social democratic party, gave ¥100m last year.
- Germany**
In 1992, Daimler-Benz gave DM1.5m to four parties and Deutsche Bank gave DM535,000 to the coalition parties. In 1991, North Rhine-Westphalian Metal Industry Association gave DM625,000 to the coalition parties, and DM75,000 to the SPD. The biggest-ever donor was the former East German government, which paid DM65m a year to the West German communist party.
- France**
The biggest donors tend to be large construction companies, such as Bouygues, Compagnie Generale des Eaux and Societe Lyonnaise des Eaux.
- UK**
The biggest contributors to the Conservative party in 1992 were: United Biscuits (£130,000), Taylor Woodrow (£124,000), P & O, and Hanson (£100,000 each), Fortis (£90,000). Mr Asif Nadki's Polly Peck International gave £440,000 over five years up to March 1992. Other past donors include: Mr John Lacey, Greek shipping billionaire (£2m); Mr Li Ke-Shing, Hong Kong businessman, (£100,000). Biggest contributors to Labour party in 1991: Transport and General Workers' Union £1.8m, out of overall trade union affiliation fees of £4.3m.
- Italy**
Many large Italian companies are caught up in scandals over illicit party financing, along with several multinationals (Siemens, GEC Marconi, Ericsson). Olivetti admits it paid nearly £220m (£3.5m) in bribes to the main political parties, particularly the Christian Democrats and Socialists, since 1978. Among engineering companies, Solpam paid \$121m in commissions between 1987 and 1992, while Nuovo Pignone paid £25m. Fiat admits paying bribes on a range of public works contracts.
- Canada**
The ruling Progressive Conservatives raised C\$12m from almost 34,000 contributors in 1991. About 55 per cent of the total came from companies and 45 per cent from individuals. Top companies tend to make roughly equal contributions to the Conservatives and the main opposition party, the Liberals. Top contributors in 1991 were: Canadian Pacific C\$80,854; Conservatives, C\$65,000; Liberals, Ernst & Young C\$38,674; Conservatives, C\$27,127; Liberals, Inco C\$26,442 (42 per cent owned by BAT Industries); C\$48,013; Conservatives, \$47,500; Liberals, P&C Dominion Securities C\$57,098; Conservatives, C\$46,872; Liberals, Royal Bank of Canada C\$44,091; Conservatives, C\$43,338; Liberals.

modest," says the rationale behind them: "You can't separate yourself from the life of the nation."

In similar terms, Deutsche Bank, one of the largest donors in Germany, says it gives money to all parties "to support democracy." The chairman of its supervisory board, Mr F. Wilhelm Christians, said recently the bank had given no money to the opposition Social Democrats "because they didn't ask." Sometimes, big companies can think of good reasons not to give money.

BASF, the German chemicals giant, says it makes no donations to political parties because "it is part of the company's culture to be neutral."

Sir Patrick Sheehy, chairman of BAT Industries, the tobacco and financial services conglomerate, says it makes no donations in the UK because "as a multinational that stands you in better stead." In Canada, however, BAT's 42 per cent owned associate Imasco, is one of the country's largest political contributors, giving about C\$48,000 (£25,000) each to the

Liberals and Conservatives in 1991. Cynics might note that Imasco owns Imperial Tobacco, which has a 98 per cent share of the Canadian cigarette market; whereas in the UK, BAT sells no cigarettes.

Contributors: David Marsh, Jurek Martin, Tom Burns, Charlie Leadbeater, Bernard Simon, David Waller, Robert Graham

As Turkey factoring in Barq New York Whenever Represent London Reg Head Office

Grants to employers on disabled to be halved

By Diane Summers,
Labour Staff

GOVERNMENT grants to companies to help them to meet the extra costs of retaining employees who become disabled are to be halved under new rules.

At present, employers can obtain specialist equipment on free loan, grants for adaptations, help with extra costs of fares to work and "readers" for blind employees.

From April next year companies will have to make a 50 per cent contribution towards help for employees who have worked for them for six months or more. The employer's contribution will be capped at a level yet to be announced.

The Employers' Forum on Disability, members of which include the high street banks, B&Q and Wellcome, said yesterday any measure that "discourages employers from developing positive policies on retention

[of disabled employees] is very worrying".

The Royal Association for Disability and Rehabilitation (Radar) said the move "makes no sense from a government which claims to want to keep people in work". It said many employers would not be prepared to pay more to retain disabled staff.

Mr Archy Kirkwood MP, Liberal Democrat spokesman for social security, said the government had "again chosen to attack the most vulnerable

in society". The move would increase employers' costs and jeopardise disabled people's jobs, he said.

The Department of Employment said yesterday there was "no question of a budget cut" in the £13m a year being spent on measures for disabled people at work. The government aimed to widen access to grants and put more resources into getting disabled people into jobs, it said. The scheme benefits 8,000 to 9,000 individuals a year.

Under the new rules, the department said, companies would be expected to pay the cost of one-off items of equipment or help costing less than £100 for employees with six months' or more service. Employers would not be asked for any contribution for new recruits or employees who had worked for them for less than six months.

There will also be a ceiling on grants for each disabled person over a five-year period. Radar said the

ceiling would particularly hit those receiving recurring payments such as help with fares to work.

Both Radar and the Employers' Forum welcomed other changes in the rules meaning that, from next month, unemployed deaf people will be able to get help towards the cost of "communications" at job interviews. Grants will also be available towards the cost of personal assistants for employees with other disabilities.

Videos beat cash dispenser mystery

By Alan Cane

EXPERIMENTS using video cameras in banks' cash dispensers have failed to find evidence that "phantom withdrawals", where funds vanish from a cardholder's account without their knowledge or permission, are caused by faulty technology.

In every case tested, the cameras pictured the cardholder or a close acquaintance withdrawing the money.

This week a judge cleared the way for a mass legal action against banks and building societies by customers claiming to have lost money through phantom withdrawals.

Banks and building societies - including the Bank of Scotland, Barclays Bank, Midland Bank and the Derbyshire Building Society - are experimenting with video systems to counter accusations that errors in cash dispensers or main computer systems are responsible for the mystery withdrawals.

The banks have consistently denied that their technology could be at fault in spite of instances of cash machines breaking down.

The Bank of Scotland has been testing videocameras in some of its 390 machines over the past year. There was a small but significant number of "phantom withdrawals" but in no case was the technology found to be at fault. In each case the withdrawal had been made by a forgetful cardholder, or by a member of the cardholder's family or a family acquaintance without the cardholder's permission.

Tests by Derbyshire Building Society showed similar results. Cameras are not likely to become widespread. Video capability adds some £1,500 to the cost of a cash dispenser and there are some 18,000 in the UK, suggesting a bill for the banks of £27m.

Cash dispenser fraud costs only about £3m annually. High-tech goes bands-on, Page 8

Rosyth forecasts job losses of up to 1,000

By James Buxton,
Scottish Correspondent

MANAGEMENT at Rosyth royal dockyard believes that the number of jobs which will be lost as a result of its failure to win the Trident refitting contract might be more than twice the 450 stated by Mr Malcolm Rifkind, the defence secretary.

Mr Allan Smith, managing director of Babcock Thorn, the company that runs the yard, said it was likely that nearly 1,000 jobs would be lost there. The yard employs 3,700 people.

The dockyard, however, said it was too early to give an exact figure for the number of jobs that would go. The redundancies would probably occur next year.

While awarding the Trident contract to Devonport in Plymouth, Mr Rifkind announced that Rosyth would be allocated refitting work on 18 big warships. These would include two aircraft carriers, of which one would be Ark Royal, and eight Type 42 destroyers. The remaining 50 per cent of the surface-fleet refit work would be open to competitive tender.

The size of the award of surface-ship work to Rosyth has dismayed private-sector shipyards which now see fewer opportunities to bid for refitting work.

Sir Robert Easton, chairman of Yarrow, the GEC-owned shipyard in Glasgow, yesterday expressed his disappointment at the size of the cake

THE Ministry of Defence has agreed a further fortnight's extension of work on the three Type 23 frigates being fitted out by Swan Hunter, the Tyneside shipbuilder's receivers.

said yesterday, Chris Tighe writes. The extension, which runs until July 9, is the fourth since Swan Hunter went into receivership in mid-May after failing to win a crucial helicopter carrier order.

Completing the frigates would give the company work until late next year, and improve its chances of winning new orders and finding a buyer as a going concern.

Price Waterhouse, the receivers, said yesterday that they were "very optimistic" that a long-term agreement would be finalised with the MoD.

They said it would be achieved during the coming fortnight. The complexity of the agreement, caused by

now likely to be on offer. But others yesterday pointed out that Scotland would benefit in another way from Thursday's decision. Weir Group, the Glasgow-based engineering company, owns 30 per cent of Devonport Management and would be expected to carry out work on refitting the pumps of Trident submarines at its Cathcart plant in Glasgow.

While Mr Smith called for a period of stability for the yard after the intense lobbying of

the past few months, politicians and businessmen in Fife demanded that the government set up an independent review of Thursday's decision to award the Trident contract to Devonport.

Mr Henry McLeish, Labour MP for Fife Central, said the government had to realise that it had a fight on its hands. The politicians also want the government to grant Fife development area status as a result of the dockyard decisions.

Swan Hunter's receivership, is understood to have caused the delay.

Mr Tommy Brennan, Tyne chairman of the Confederation of Shipbuilding and Engineering Unions, met receiver Mr Ed James yesterday together with Swan Hunter shop stewards.

Mr Brennan said the unions were bitterly disappointed that a final agreement to let the frigates be finished on the Tyne had still not been achieved with the MoD.

He said: "Rosyth has been given work for over a decade yet they're making such heavy weather of giving an agreement for 12 months' work."

"It's totally astonishing that different rules apply in different places."

The latest agreement means that the shipbuilder's remaining 1,800 employees, in spite of having work for the next fortnight, continue to face morale-damaging uncertainty.



Gordon Brown, shadow chancellor and the local MP, addressing a mass meeting of workers outside the Rosyth dockyard yesterday

Mr McLeish, a shadow Scottish Office minister, said any review should consider Rosyth's last-minute proposal to cut the cost of refitting Trident at Rosyth by £70m by using an emergency dock. That submission was rejected by Mr Rifkind, who described it as "quite unreasonable".

Scottish sources close to the dockyard battle believe the last-minute offer put extra pressure on the government and considerably increased the

amount of surface-ship repair work which the Scottish dockyard has been awarded.

It is understood that Rosyth's surface-ship allocation was finalised in telephone calls between the Ministry of Defence and the dockyard as late as Wednesday afternoon and Thursday morning, and may even have been doubled in that time.

The last-minute bid, though considered unreasonable by the MoD, was immediately

grasped by politicians, including Scottish Conservative MPs, and had to be responded to by the government.

Babcock Thorn said yesterday that it had every intention of staying at Rosyth. It would be seeking further guarantees of the workload it has been allocated.

Before yesterday's announcement, some of those campaigning to save Swan Hunter, the Tyneside shipbuilder, had expressed concern that a politi-

cal carve-up of Navy work between Devonport and Rosyth could do further damage to Tyneside's marine industry by disadvantaging ship repairer A&P Appleford.

But yesterday A&P Appleford, which also has repair yards at Falmouth in Cornwall and Southampton, said Thursday's announcement did not affect the company, because Rosyth had been given warship, rather than support vessel, work.

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Ex-chairman of Tories sues Mail over Nadir

By Andrew Jack and Jimmy Burns

MR KENNETH BAKER, the former Tory party chairman and cabinet minister, yesterday issued a writ against the Daily Mail in the first legal response to allegations made by Mr Asil Nadir, the fugitive businessman.

His action represents an escalation of responses to Mr Nadir after Mr John Major, the prime minister, and Mr Michael Heseltine, trade and industry secretary, said he should

"put up or shut up". Mr Philip Conway of Wright Webb Syrett, Mr Baker's solicitors, confirmed the libel action against the Mail's allegations that the MP sought funds from Mr Nadir during a visit to Conservative Central Office while he was Conservative party chairman.

Mr Conway said Mr Baker had "absolutely no recollection" of this discussion on the one occasion he met Mr Nadir - at a meeting which he said Mr Nadir had requested.

Mr Ivor Cole, legal director of

Associated Newspapers, which owns the Daily Mail, said: "We have only just received the writ. We have no comment at the moment."

Meanwhile, in interviews on BBC Radio yesterday, Mr Nadir stressed his innocence while refusing to provide any new evidence to support any of his allegations.

"I hope you understand that a person is innocent until he is proven guilty," he said. "So everybody has to presume I am innocent until my guilt is proven."

Mr Nadir said he accepted it was wrong of him to skip bail last month, but said: "I had no other alternative whatsoever." He said the gift of a watch from Mr Michael Mates had kept him sane.

He said his donations to the Conservative Party had been disclosed in the accounts of a northern Cyprus subsidiary of the company, although the administrators to Polly Peck International say some money came from PPI and not this subsidiary, called Unipac.

It also emerged yesterday that investigators examining the circumstances in which Mr Nadir broke his £3.5m bail and flew to northern Cyprus believe that he himself masterminded his escape from justice and that there was no major conspiracy involved.

His escape is believed to have been organised at short notice, within the week leading up to his departure from a small airstrip, at Compton Abbas in Dorset.

Police are thought - as a result of

inquiries over the past two months - to have ruled out suspicions that there might be a "Mr Big" other than Mr Nadir behind the escape.

But investigations continue into the money to pay for Mr Nadir's escape and into several individuals who are suspected of having acted as accomplices.

Police want to interview two businessmen, Mr David Hamilton and Mr Peter Dimond, who accompanied Mr Nadir on the final stage of his flight to northern Cyprus.

Safe Sir John emerges from twilight

PM's choice of a replacement for Mates has avoided a reshuffle, says Ralph Atkins

THE appointment yesterday of Sir John Wheeler, the lofty and deeply loyal MP for Westminster North, as Ulster security minister signalled determination by Mr John Major to play safe in replacing Mr Michael Mates.

By plucking Sir John from the back benches, the prime minister avoided a wider ministerial reshuffle. He also rewarded an MP who, since he entered parliament in 1979, has seemed unwilling to cause unnecessary waves in Westminster or Whitehall, even when chairing the influential Commons home affairs committee.

There is a logic to his appointment, nevertheless. Sir John is an aficionado of security, crime prevention and policing policies. He was assistant governor at Brixton and Wandsworth prisons before entering parliament. As chairman of the Commons committee he had intimate knowledge of the work of the Home Office.

Sir John, 53, has affinities

with Mr Mates, who resigned this week after embarrassment over his links with Mr Asil Nadir. Both served lengthy back-bench apprenticeships and were passed over by Mrs Margaret [now Baroness]



Sir John Wheeler yesterday: rewarded for not making waves in Whitehall or Westminster

Thatcher because of perceived political weakness.

Both have a slightly pompous air. Mr Mates was ex-Army. Sir John would be an archetypal "knight of the shires" if his constituency was

not in London. He was knighted in 1990, and became a privy councillor this year - usually the rewards of a loyal, long-serving Tory MP not expected to enter the government. Slim but ponderous, Sir

John has a near-permanent look of disdain and is far from garrulous, snapping yesterday at television cameras when asked who he had voted for in the 1990 Tory leadership election. The twist in Sir John's

career was his topping from the home affairs committee last year. Government whips were anxious to end the tenure of the troublesome Mr Nicholas Winterton, Conservative MP for Macclesfield, as chairman of the health committee. They therefore decided that MPs should not serve on a committee for more than three parliaments. But they appeared to forget the implications of that ruling for the equally long-serving Sir John.

Ministerial office will be adequate compensation. In spite of the oppressive personal security and the frustrations of working in a province bedeviled by more than two decades of terrorist violence and political intransigence.

Sir John's first priority will be to win, as far as possible, the confidence of unionist and nationalist politicians. To do both is difficult, if not impossible. Unionists want ever tougher measures, many back

Clarke will resist further tight pay curb

By Philip Stephens, Political Editor

MR KENNETH CLARKE will resist the imposition for a further year of a 1.5 per cent ceiling on public-sector pay. But the chancellor has refused to pre-empt an expected cabinet debate on the issue by ruling out entirely the extension of compulsory pay restraint.

In his interview this week with the Financial Times the chancellor said that a second year of rigid pay restraint across the public sector would increase the risk of a damaging bounce-back when the ceiling eventually was lifted.

Mr Clarke issued a warning - repeated yesterday on BBC Radio - that he would be ready, if necessary, to raise taxes in his November Budget. There was a predictably angry reaction yesterday from some rightwing Tory MPs.

Mr David Shaw, chairman of the Conservative back-bench finance committee, said that another round of higher tax increases would be unacceptable to most MPs. He called instead for further reductions in spending.

But the chancellor told the FT he saw little prospect of squeezing further the overall spending targets agreed by the cabinet for the next three years. The targets, the toughest since the early 1980s, allow for growth in spending of less than 1 per cent a year after allowing for inflation.

Mr Clarke said the history of pay norms suggested that "they do tend to succeed in the first year." But he added: "Holding them thereafter has all sorts of downsides, including the inflexibilities and so on

which they introduce. We're also very committed to making sure there is no catching on, no bounce-back after the restraint. The longer you keep it on the more... the dangers become."

His view is said to be backed by Mr John Major. But Mr Clarke is aware that several cabinet colleagues believe that it may be impossible for the government to hold to their departmental spending limits unless it maintains a clear line on public-sector pay.

Signalling what is expected to be an intense debate in the cabinet committee charged with dividing up the spending total, Mr Clarke said: "There are a whole lot of programmes where making a judgment about the pay is very important to the spending round... I don't think we're going to come to any decisions about what to do on pay, whether to do it programme by programme; do it across the board; what to do; until we're well into the spending round."

That left open the possibility that the government might opt to replace next year the present rigid ceiling on actual settlements with a looser, but pre-announced, limit on the public-sector pay bill.

The chancellor used his interview also to stress that he intends to pay much closer attention to the concerns of industry in framing his first Budget. Mr Clarke said he wanted to "engage" industrialists in discussion of the overall stance of economic policy. He would seek also to "test" his own ideas for tax and other changes affecting business in a regular dialogue with the captains of industry.

Local government review may be speeded up

By John Authers

THE GOVERNMENT is likely to speed up the review of local government structure in England, Mr David Curry, the new local government minister, said yesterday.

Both Sir John Banham, the chairman of the local government commission, and local authority associations have called for the government's policy guidelines to be

changed. Mr Curry says this could be done by allowing districts themselves to propose amalgamations and by making clearer the government's requirements on cost-effectiveness.

Mr Curry, speaking after giving a speech to the conference in Bournemouth of the Association of District Councils, dismissed calls to abandon the review process altogether as "not a real option". But he

added that the guidance would be changed, if it would help all interested parties to reach agreement and if it speeded up the review, which is predicted to last until 1997.

He said a process this drawn out "really would be difficult to live with."

Mr Curry added: "I am willing to try to come up with a formula which most people are prepared to live with. Sir John himself is saying he would like

to review the way the commission goes forward."

The commission's initial recommendations include controversial proposals for unitary authorities in Derbyshire and Somerset, but Mr Curry said there was quite a strong chance that the "final shape may be some distance" from the original suggestions.

In his speech to the conference, which was well received, Mr Curry emphasised that he

bad an open mind on the review but repeated warnings made by Sir John that district councils should be realistic and avoid "in-fighting" with county councils.

He said: "The purpose of making local government as effective as possible is to deliver the services that people want at the price they want to pay. It is not about the competing claims of vested interests."

BT responds to Oftel price plan

By Andrew Adonis

BRITISH TELECOM yesterday proposed a "price list" of charges for rival operators to gain access to its network, to avoid the need for detailed negotiations in each case.

The idea is BT's response to plans published this month by Oftel, the telecommunications regulator. Oftel wants rival operators to have a right of appeal to it if they believe BT is overcharging them.

As the number of BT competitors is increasing rapidly the terms on which they gain access to BT's network are critical to the future shape of the industry.

BT wants to publish two price lists. The first would cover services over which it has an effective monopoly, such as the use of local networks in most of the country.

Prices would be set in agreement with Oftel but with no right of appeal for aggrieved competitors.

In the second list, covering services for which competition exists - such as trunk lines - prices would be set by BT on a market basis, with no role for Oftel at any stage.

BT argues that appeals to Oftel "involve a considerable administrative burden and result in still further delay and uncertainty for both parties". Mr Ray Smith, BT's director of carrier services, said: "Our proposals provide a predictable, open and fair method of setting and making available interconnection charges."

Competing carriers needing access to BT's network are unlikely to support the proposal to deny them access to the regulator in cases of dispute.

Vineyard loses champagne ruling

By Robert Rice, Legal Correspondent

THE WORD "champagne" must be taken off bottles of a fizzy, non-alcoholic drink being marketed as "elderflower champagne", the Court of Appeal ruled yesterday.

The court allowed an appeal by the French champagne producers, led by Taittinger, against a High Court ruling that although the label on the bottles of the elderflower drink was "a misrepresentation calculated to deceive", the risk of damage to the reputation of genuine champagne would be nil or minimal.

The French were granted injunctions banning Thorncroft, a Surrey-based vineyard, from "passing off" its product by use of the word "champagne" and from breaching European Community regulations designed to protect wine producers from the misleading use of their exclusive appellations.

Sir Thomas Bingham, Master of the Rolls, said no one with knowledge of wine would be deceived by the elderflower drink, even though it was sold in champagne-style bottles with wired corks. However, any product which was not champagne that was allowed to describe itself as such must "inevitably erode the singularity and exclusiveness of the description 'champagne', and so cause damage of an insidious but serious kind".

Sir Thomas said Thorncroft was anxious to use the word champagne because it imported " nuances of quality and celebration, a sense of something privileged and special. But this is the reputation which the champagne houses have built up over the years and in which they have a property right."

Alibev and Thorncroft Vineyard, which make and market the elderflower drink, plan to appeal to the Lords.

News At Ten pledge demanded

By Raymond Snoddy

THE Independent Television Commission is to demand that the eight ITV companies which proposed keeping News At Ten at its traditional time when they applied for new licences should stick to their commitment.

The companies have since said they want to move ITN to an earlier slot so that films and dramas can be shown without interruption after 9pm.

Sir George Russell, ITC chairman, and the other members were unanimous on Thursday that News At Ten was a cornerstone of quality on ITV. They intend to do everything they can to keep it at its present time.

The stance means that a clash between the ITC and the

ITV companies seems likely, although no formal proposal of any kind has yet been put to the commission.

A formal proposal to move News At Ten will go before the ITC council on July 5 with 6.30pm the current favourite time.

ITV has to show the programme in prime time, which is defined as being between 6pm and 10.30pm.

If the commission is able to hold even one ITV company to a promise to retain News At Ten, that could be enough to prevent the programme moving. The rules state that the main news programme should be broadcast simultaneously throughout the ITV system.

There is no doubt that Sir George is prepared to take tough action to maintain what

the commission views as quality in ITV.

Some ITV chairmen are happy to use the threat of News At 6.30 as a lever to win a compromise - News At 10.30.

This too will be resisted by the commission, which believes that, 10.30 is too late to begin the flagship news programme. If the commission stands firm on News At Ten the issue could end up in the courts.

All the ITV companies which supported News At Ten in their applications - some with qualifications - have received, or will receive, letters from Mr David Glenister, the commission's chief executive, asking why they have all apparently changed their minds only six months into new 10-year broadcasting licences.

ITV argues that the proposal for an earlier evening news is part of a detailed review of the entire network schedule.

According to ITV analysts, between 10pm and 11pm it loses its lead to the BBC - in May, for instance, ITV's audience share fell to 35 per cent compared with 46 per cent in the previous hour.

The ITV companies argue that an earlier main news plus an extra bulletin, probably at 11pm, would result in more evening news on the network.

TSMS, the UK's largest television airline sales house, clients of which include Central and Anglia, yesterday signed a co-operative agreement with the Paris-based information and publicity for advertising sales and research across Europe.

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Revival forecast for construction

By Andrew Taylor, Construction Correspondent

THE "long and painful" recession in the construction industry appears to be coming to an end, the latest forecasts from industry leaders show.

These indicate that construction output is expected to fall by only 0.5 per cent this year - just a quarter of the fall it had forecast previously.

The joint forecasting committee for the construction industry - drawn from a cross-section of construction, building materials, banks, and financial and industrial companies - expects construction output to rise by 0.5 per cent next year and 2.5 per cent in 1995.

This would follow a fall in output of almost 10 per cent in 1991 and a decline of 5.5 per cent last year.

The improvement in outlook, it said, was due entirely to a bigger rise than expected in housebuilding and residential repair and maintenance.

Research, which was previously sponsored by the National Economic Development Office. Its forecasts are regarded as one of the best guides of the industry's expectations.

The organisation said yesterday that private housing activity was expected to increase by 200m this year, "leading the UK construction industry out of its two-year slump".

Its findings are supported by construction order figures published by the Department of the Environment which this week showed that contracts won by construction companies from February to April rose by 10 per cent compared with the previous three months.

Orders were also 1 per cent higher than during the corresponding period last year. The improvement, however, is patchy, and Construction Forecasting and Research warned that other areas of construction, outside of housebuilding, were likely to remain depressed.

Changes urged over tied agents

By Robert Rice, Legal Correspondent

SIR BRYAN CARSBURG, the director-general of fair trading, yesterday called for a change in the way life insurance products are sold.

The Office of Fair Trading has proposed to the Treasury a regime where commissions on the sale of life products would have to be disclosed. This follows scrutiny of the new rules made by the Securities and Investments Board after last year's Retail Regulation Review.

Sir Bryan, presenting the OFT's annual report yesterday, said part of the problem faced by consumers in making choices among products and life companies was caused by the polarisation in the industry between tied agents and independent financial advisers.

He said: "At present, you either have to retail the product of one company which means you are a tied agent, or else if you deal in the products of many companies you are

categorised as an independent adviser. It seems to me that is a restriction on the market place and it would be preferable to avoid it."

He suggested the creation of a category called multi-supplier retailers. They would be able to sell the products of many companies without holding themselves out as providing independent financial advice.

Sir Bryan said his first year at the OFT had been very active. Although merger activity remained low last year, with the OFT recommending referral to the Monopolies and Mergers Commission of just 125 mergers - 40 per cent of the 1988 figure - the number of monopoly inquiries had increased.

Relations with Mr Michael Heseltine, trade and industry secretary, remained good in spite of the fact that he had chosen to go against Sir Bryan's advice on a number of occasions. Co-operation with Brussels was also working well.

Manx timeshare rules to tighten

THE Isle of Man yesterday announced plans to regulate timeshare activities, Sue Stuart writes.

Although hardly any timeshare businesses operate on the island they frequently use Manx companies or trustees. A working party recommended that the island's rules go further than the UK Timeshare Act in terms of consumer protection.

The Manx government hopes the proposed legislation will eliminate the bad publicity the island receives from media coverage of alleged malpractice in timeshare operations involving Manx companies.

The EC-proposed directive for the conduct of timeshare business will not necessarily be implemented by the island, which is a self-governing Crown dependency and is outside the EC. The Manx government expects to place draft legislation before parliament by the end of the year.

Tenth of pupils play truant

ONE IN 10 pupils in England play truant at least once a week in their GCSE exam year, according to a report commissioned by the Department for Education.

The survey found that nearly a third of pupils aged 14 to 16 had played truant at least once in the preceding half term. The main reason cited by truants was dislike of lessons, particularly physical education, games and French. Their main complaints about lessons were that they did not enjoy them, found them irrelevant or too hard, or disliked the teachers.

Most truants - 58 per cent - wanted to stay on at school. A third found school enjoyable, a third actively disliked it. The report is based on questionnaires issued to more than 37,000 pupils in their GCSE and pre-GCSE year in 150 English local authority schools.

The report says the situation was worse than results showed because many truants would have been absent from school when questionnaires were handed out.

Car workers fined for safety breach

TWO SUPERVISORS at Rover's Longbridge car assembly plant in Birmingham were yesterday fined by Birmingham magistrates for breaches of the Health and Safety at Work Act.

Mr Michael Round was fined £2,600 and Mr Robert Lealand £2,250 for allowing a safety gate to be removed. Following the removal, a worker was trapped and needed 21 stitches to his throat.

Nissan UK jury still deliberating

THE JURORS in the Nissan UK trial spent their second night in a hotel last night after again failing to reach a verdict.

Mr Michael Hunt, a director of the former car importer, denies two charges of conspiring to defraud the Inland Revenue of £97m. The Old Bailey jury will continue deliberating today.

Sony chooses London HQ

SONY MUSIC Entertainment (UK) has chosen an 80,000 sq ft building in Great Marlborough Street in the West End for its new London headquarters. The building is owned by the Church Commissioners.

Sony would not reveal the financial details of the letting, although the letting agents originally asked for an annual rent of £25 per sq ft.

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Saturday June 26 1993

Steady hand
at the centre

AS MR John Major's accident-prone government sheds one minister here and another there, Mr Kenneth Clarke looks a reassuringly solid figure in the storm. Within less than a month of taking office as chancellor, he gives every sign of being in charge and invulnerable. Yet his chief achievement to date lies less in the field of economics than in presentation. He has succeeded, remarkably, in giving the appearance of candour while offering no obvious hostages to fortune.

In a government that is singularly short of political finesse, this talent is not to be underestimated - especially when the demands of the electorate have to be reconciled with the requirements of the markets. But as Mr Clarke himself has implicitly acknowledged, this is the easy bit. He has arrived in the job at the optimal moment in the electoral cycle. His predecessor had, after a fashion, grasped many of the more difficult nettles. And it is clear that a recovery is well under way.

This week the Central Statistical Office revised upwards its estimate for non-oil GDP in the first quarter to reveal an annualised rate of growth not far short of 3 per cent. The personal sector is beginning to cheer up a bit. The household savings ratio, whose high level played a large part in prolonging the recession, is now coming down fast, from 11.3 per cent in the final quarter of last year to 10.2 per cent in the first quarter of 1993. The unemployment figures have pleasingly defied the precedent set in the recession of the early 1980s, by falling in line with the upturn in economic activity.

The corporate sector's balance sheet, meantime, has been substantially tidied up. In the first quarter of the year its financial deficit was almost down to zero. Unit labour costs have been falling at a very un-British rate, thereby adding to the competitiveness of industry's exports and giving stock market analysts a good story to tell. Even the broad definition of money, M4, has been accelerating in recent months, suggesting that something might just be stirring in the bowels of a hitherto quiescent monetary system.

Time to talk

Against that background Mr Clarke has been right to talk rather than to act. It is not unreasonable to wait until the strength of the recovery can be more accurately gauged before contemplating a cut in interest rates. The more so, since a cut before the Christchurch by-election would severely diminish his credibility in the markets, while antagonising Britain's partners in the Euro-

pean Community. Having failed to persuade the Germans to embark on a co-ordinated cut in interest rates this week, the French, who face mounting unemployment and growing pressure for protection, would be enraged by any such move after last September's devaluation of sterling.

Yet the test will come in due course. Mr Clarke describes himself as belonging to the "hard centre". He claims to be pro-growth, but anti-inflation; both pro-European and in favour of free markets; and a proponent of enlightened social reform, whose Midlands background entails sympathy for the manufacturing businesses on which Thatcherite politicians used to pronounce anathemas in the 1980s. Yet the elements in this seemingly attractive cocktail are not all readily reconcilable. The first signs of where the potential difficulties lie are beginning to emerge.

Spending round

For all the recent ministerial rhetoric about a fierce public spending round, Mr Clarke has made it clear that there will be no reduction in spending below existing targets, despite the forecast public sector borrowing requirement of £50bn. After the big increases in public spending since Mr Major became prime minister, we will have more modest increases, but increases nonetheless - notwithstanding the Portfolio review and calls by social security secretary Mr Peter Lilley for a public debate on the future of the welfare state.

In Mr Clarke's judgment that is the most that can be achieved by a precarious government with too many dissidents on the backbenches. He is probably right. He could also point out, as Goldman Sachs has done, that public spending is actually lower in relation to GDP than it was when the economy emerged from the recessions of the early 1980s and the mid-1970s. There is a problem with revenue. Hence the chancellor's controversial warning in his interview with the FT this week that he will be ready to raise taxes in his November Budget unless recovery brings a faster reduction in government borrowing.

If taxes are increased, then the chancellor will no doubt be tempted to rebalance monetary policy simultaneously. A chancellor whose sympathies lie in the Midlands might well see merit in taxing consumption, while relying on interest rate cuts to help shift resources into exports and investment. But to tax consumption, if the recovery looks weak, will require a great deal of courage. We shall know the potency of Mr Clarke's cocktail in a matter of months.

Of late, Steven Raw has become something of a seer around the streets of Nelson. When 23-year-old Mr Raw sees people brandishing plastic cash cards in the Lancashire town, he cautions of the fate that could befall them. "Everyone I see around town now, I warn. I say 'Watch what you are doing with those cards.' You cannot be too careful."

Mr Raw, a worker at a medical fabrics company, speaks from bitter experience. He is in dispute with Barclays Bank over £600 withdrawn from his account through automated teller machines, the "holes in the wall" on which banks increasingly rely to dispense cash. The dispute arrived in the London high court this week after two years of acrimony and suspicion.

Mr Raw is not alone in arguing with his bank over whether someone else took his money. This week's judgment that nine people with similar claims against banks and building societies can proceed with a mass legal action threatens to provoke a flood of disputes. Banks face being haunted by "phantom withdrawals".

His dispute is typical. It started two years ago when he received a three-page Barclays statement listing a series of withdrawals from cash machines that he did not recall making. He still had his card, and he says he had not told anyone else the four-digit personal identification number (Pin) with which he identified himself when using his Connect card.

He went to his local branch to complain, and met with an upsetting response: the bank did not believe him. It had records of transactions, and its technical experts believed it impossible for anyone who did not know Mr Raw's Pin to break its codes and take his money. Mr Raw found suspicion falling on himself and his girlfriend.

"I went mad with them. I went down there thinking it was a computer error, and they would just credit it back but they said it must have been me," he recalls. The dispute got harsher, until Mr Raw had a piece of luck. His parents saw a television news item about a firm of Merseyside solicitors pursuing phantom withdrawal cases.

Things took a better turn after he contacted the firm, J Keith Park, which took up his case.

Barclays wrote to Mr Raw offering to refund £425 of the disputed amount, citing the code of practice introduced last year, and which limits customers' liability in most cases to £50 of the disputed sum.

There are two reasons why the banks have taken such a stern attitude on disputed transactions.

First, they are becoming increasingly reliant on cash machines as they close branches and switch staff

away from being cashiers towards selling other products such as insurance. TSB is among banks experimenting with sophisticated ATM machines on which customers can carry out transactions such as switching money between accounts.

Although cash machines accounted for only 4 per cent of money transmission - or 1bn transactions - in 1991, the banks calculate this could quadruple by the year 2000. This means that they are wary to acknowledge that such machines could be fallible.

"The biggest worry about this affair is that there could be a breakdown of trust," says one banker. The second reason is that the

losses through fraud at automated teller machines are small change compared with the broad sweep of plastic card fraud which cost Britain's banks £165m last year.

But winning the battle against all card fraud is the chief aim behind an impressive range of technological weapons being developed by financial institutions and their technology suppliers.

Sending transaction details from the ATM, or point-of-sale device, to the bank is now thought to be secure thanks to "black boxes" which encode the information and self-destruct if tampered with.

The greatest problem is verifying that a card holder is the person

John Gapper on disputed transactions
between UK banks and their customersGhosts in the
machines

banks find a true case of "phantom" withdrawal inconceivable. This would be a case where a thief managed to extract money from someone's bank account without knowing the Pin number of their cash card. The reason is that banks' security effort has above all been directed at ensuring that it is impossible to crack Pins.

"It puzzles me totally," says Mr Paul Dorey, head of information security at Barclays. "Machines can make mistakes, but it is beyond the world of possibility that our systems could make up transactions in the way this implies."

In Barclays' case, Pin numbers are generated by a computer at the

centres where cards are manufactured, and are transferred to the central computer against which transactions are checked. They are not seen by staff, or coded on the magnetic strip on the back of cards. The only person who sees both the card and the Pin number is the account holder to whom they are sent separately.

When the customer presses the Pin into the ATM keypad, an electronic "black box" encrypts the number so that it cannot be intercepted, and sends it to the mainframe via another computer if the ATM is owned by another bank. The computer decrypts it and sends an authorisation message. The cash

machine records each transaction on paper roll.

Mr Dorey argues that it would take four sets of software to go wrong simultaneously in the same way to record a falsely authorised transaction. Fraud would require someone either to know the Pin, or to break the code encryption. The latter has never been known, according to Mr Richard Tyson Davies, of the banks' Association for Payment Clearing Services.

For these reasons, the first reaction of banks has often been to accuse customers either of fraud, or of carelessness. Banks say that most cases of "phantom" withdrawal into which they inquire turn out to be relatives or friends of the customer who have discovered the Pin.

Yet despite the banks' denial of the possibility of pure "phantom" withdrawal, they are having to admit that incidents that look very like it have occurred. One example is staff fraud. In a notorious case, a Clydesdale Bank computer engineer stole £17,000 by recording Pins on a portable computer as the bank's customers used ATM machines.

More broadly, there have been cases where cash withdrawals have been applied to the wrong account. Among the cases being pursued by J Keith Park is one of a man whose card took cash from someone else's account, apparently because the wrong magnetic strip had been placed on the back.

The washing of such dirty linen in public is one effect of the mass action, which banks believe could take up to three years to settle. It has yet to be decided in what form, or in what courts, individual cases will be argued.

While banks fear a loss of confidence in cash machines, an even greater worry might be a wave of similar claims. On this point at least, the banks and their opponents are united in scepticism.

One reason is the banks' decision to change their code of practice, limiting customer liability to £50, except where a customer has been "grossly negligent" by disclosing a Pin number.

A second reason is that banks are working on reducing errors and fraud. Barclays has announced that it is to install cameras at six of its cash machines, and banks are working together on innovations such as "watermarking" the magnetic strip on cards to prevent fraud.

But even if there is no rush of claims, the treatment of customers such as Mr Raw has ensured that they face a damaging dispute. Mr Dorey of Barclays says Pin numbers need to be "treated with respect". Yet banks are paying the price for not having treated customers that way. "They told me their machines were foolproof, but I know otherwise now," says Mr Raw.

High-tech goes hands-on

Alan Cane on new biometric weapons against fraud

that he or she claims to be.

Customers in future may have to present a finger tip or an entire hand for inspection by an electronic "eye" incorporated in the ATM. ("Fingerscan" rather than "fingerprint" is the preferred term these days among bankers concerned about possible complaints of infringement of civil liberties.)

Facial structure, voice, the pattern of blood vessels in the hand, or the back of the eye are all fair game for the emerging science of

biometrics, which reckons to make positive identifications of individuals through unique measurements. Video cameras no larger than a computer chip make such measurements a practical proposition.

To inspire confidence in both retailers and cardholders, however, a system of biometrics would have to be both convenient and reliable. None of those so far tested meets the banks' minimum standard - of not more than one false diagnosis in 100,000 transactions. More stringent

criteria may be needed in future.

According to Mr Paul Rogers, UK product manager for NCR, the US company which leads the world ATM market (but designs and makes them in Dundee, Scotland), the UK banks will continue to rely on the familiar and inexpensive magnetic strip cards and personal identification, or Pin, numbers, but are likely to add a biometric element. Measurement of hand dimensions is a popular option because

the details can be stored in the card itself.

"Smart" cards, containing a microprocessor, are difficult to forge and can hold substantial amounts of information about the cardholder including, say, an electronic facial image. They cost, however, several pounds, compared with pence for a magnetic stripe card.

Customers leave more than fingerprints when they shop. Banks in the US are already using pattern recognition software which detects changes in a customer's shopping habits. If an habitual teetotaler seems suddenly to start buying red wine, for example, it could indicate that a stolen card is being used for the purchases.

More likely to want to preserve a strong D-Mark. Moreover, even to sustain D-Mark credibility within the ERM, underlying German unit cost inflation must be no higher than in other core ERM countries. For this reason, the German central bank is certain to strive for underlying inflation as low as in any other EC member country.

Unfortunately, this may prove infeasible, since disinflationary German monetary policies are normally matched, *willily willily*, by other countries in the ERM. A vicious circle of competitive disinflation could result. One escape from such a collective downward spiral would be a sharp decline in German relative inflation, which looks unlikely.

Another would be substantial German fiscal tightening, which looks more unlikely. Yet another escape would be a further collapse in German credibility, allowing for lower short-term rates in other ERM countries than in Germany, which looks less likely still. A final escape would be a jump to monetary union, which looks least likely of all.

Markets may well be too complacent about ERM stability. Abandonment by the Bundesbank of the effort to push German inflation down to levels achieved elsewhere in the ERM is one threat, since this would undermine the D-Mark's position within the ERM. But continued efforts by the Bundesbank to push German inflation down could be equally dangerous, since it would reinforce the recession in the heart of the European economy and enhance French anguish. There is no easy way out.

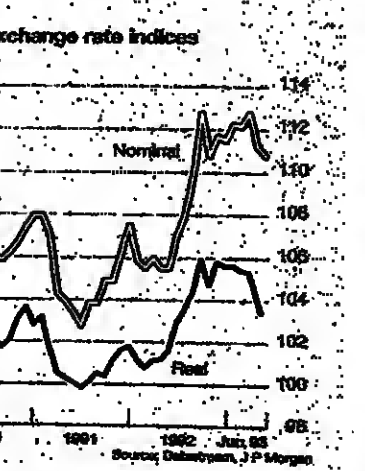
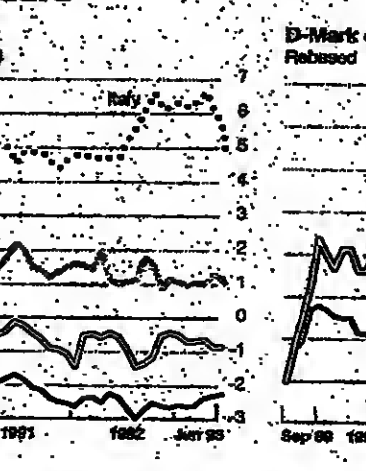
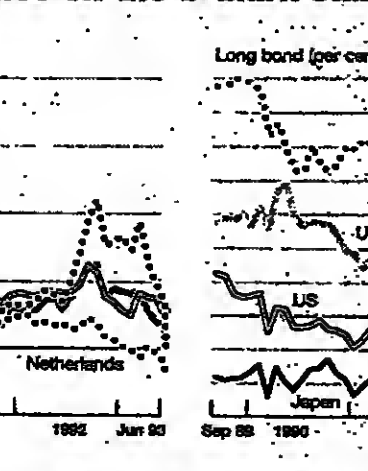
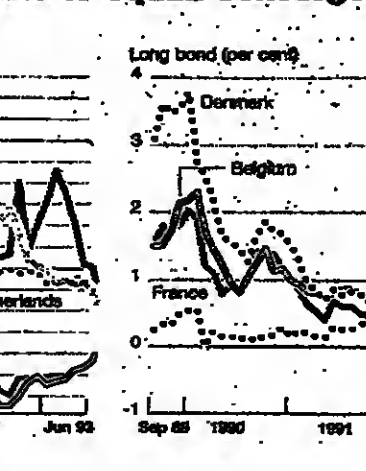
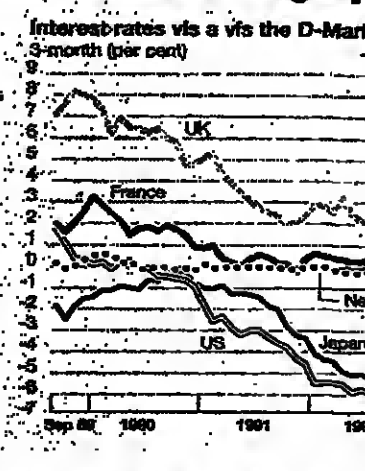
The currency markets are, in fact, seeing a slow motion clash between an irresistible force - German unification - and an immovable object - the Bundesbank's commitment to a stable D-Mark. The Bundesbank may be defeated, as Mr Soros expects. If it is, Europe's monetary scene would indeed be transformed.

The battle to restore credibility to the D-Mark is certain to inflict continued pain on everyone. Germans may no longer be able to sing *D-Mark über alles*. But a year from now, nobody in France is likely to sing the Marseillaise over the defeat of the D-Mark, even in their baths.

Dethronement of the D-Mark

Martin Wolf on the German currency's weakness in the ERM

From first among equals to equal: convergence on the D-Mark standard



bonds have risen since April. But they remain rather low by historical standards. Among ERM currencies, only Dutch bonds have lower yields than German ones. Outside the ERM, just two currencies, the Japanese yen and the Swiss franc, are regarded as far better long-term

The D-Mark may no longer be the undisputed king of EC currencies. But it remains co-regent

hats than the D-Mark.

The D-Mark may no longer be the undisputed king of European Community currencies. But it remains co-regent. The markets do not expect it to depreciate in the long term against its core ERM partners or, for that matter, dramatically against the US dollar. They forecast further gradual cuts in short-term

D-Mark interest rates. Core ERM currencies are expected to depreciate against the yen, the US dollar and even sterling in the short term, but to decline significantly only against the yen, among the main currencies, in the longer term.

Things might go wrong with this complacent scenario in two ostensibly contradictory directions. The first possibility is renewal of doubts about the ability of the French, in particular, to stay the course. While French nominal interest rates have fallen, real French short-term rates are around 5 per cent. The French unemployment rate is forecast by the European Commission at 12 per cent in 1994, while economic recovery is also expected to be modest.

Mr Philippe Séguin - leader of the anti-Maastricht tendency in the Gaullist party and president of the National Assembly - has already challenged the *franc fort* policy of the government. With the presidential elections due in 1995, it is easy to envisage renewed doubts about French willingness to tolerate high real interest rates. No wonder

France wants Germany to accept co-ordinated cuts in interest rates.

The second possibility is that D-Mark weakness would prove both long term and ultimately uncontrollable, even by the Bundesbank. This apocalyptic view has been advanced by the investor, George Soros.

The case is not difficult to make. Germany's total public sector borrowing requirement is 7% per cent of gross domestic product, among the highest in Europe. Germany has the second highest inflation in the group of seven leading industrial countries and the fifth highest in the European Community.

German labour costs are out of line, especially for a country whose true level of unemployment (allowing for short-term working and other make-work schemes) is already above 5m, or more than 13 per cent of the labour force. According to data collected by Morgan Stanley, West German labour costs per hour are the highest in the world, while East German labour costs more than Japanese and American labour and is 10 times

more expensive than in comparable former communist countries, like the Czech Republic.

This seems unsustainable. After unification Germany did need a short-term D-Mark appreciation, in order to help transfer resources to east Germany that were previously lent abroad, via the current account surplus. This adjustment seems to have largely occurred, partly through nominal appreciation of the D-Mark (notably after the summer of 1992) and partly through higher German inflation than in partner countries. In the longer term, however, Germany needs depreciation of the real exchange rate, in order to restore its competitiveness.

There are two routes to enhanced competitiveness: depreciation and competitive disinflation. The former can occur easily enough *vis à vis* currencies against which the D-Mark is floating. Against core ERM currencies, however, nominal depreciation would imply downward realignment of the D-Mark. This the Bundesbank would pre-

sumably resist to the death.

Germany does two-fifths of its trade with countries whose exchange rates have remained fixed against the D-Mark. None the less, it could obtain sufficient overall real depreciation if the core of the ERM were to depreciate substan-

The German central bank will strive for a rate of underlying inflation at least as low as in any other EC member country

tially against currencies outside it.

Such a general depreciation of the core currencies of the ERM would be more than welcome to France, since it could combine fixity of the D-Mark with enhanced overall competitiveness.

It might not be good enough for the Bundesbank, however, which is

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Lucky numbers spell B-I-N-G-O

The game's popularity has expanded, writes Michael Skapinker

On a warm Thursday evening this week, 1,000 people are hunched over their bingo tickets in a converted 1980s cinema in Wood Green, north London.

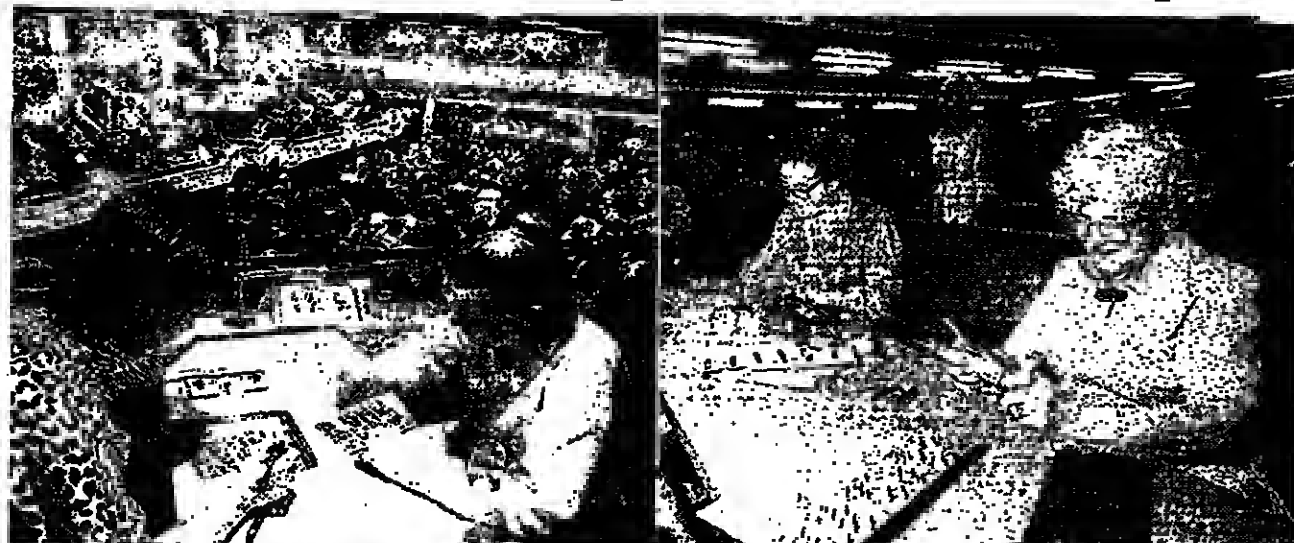
The listed interior is freshly, if garishly, painted. The numbers shouted out by the caller appear on screens around the room. Gone are the traditional numbered ping-pong balls blown through a plastic tube, the caller reads from a computerised random-number generator.

If the decor comes as a surprise to those expecting something shabbier, so do the customers. There are plenty of the industry's traditional players: elderly women. But there are also young couples, groups of women in their 20s and 30s, men with arms covered in tattoos. Those inside the club, part of the Top Rank chain, are as radically diverse as on the streets outside.

The extension of bingo's appeal this week attracted a new entrant to the industry. First Leisure, the 10-pin bowling, discotheque and tourist attractions group, announced it was paying £19.5m for Nidge Leisure, a private company with seven bingo clubs in the Midlands. First Leisure says the increasing number of younger, more affluent customers makes bingo an attractive investment. The group intends to open two or three new clubs a year, creating a chain of up to 30 venues.

Bingo prospered throughout the 1960s and early 1970s, but declined as unemployment rose during the early years of Margaret Thatcher's government. The game began to regain popularity in the latter half of the 1980s, spurred by improved facilities and bigger money prizes.

Last year the number of licensed clubs nationwide showed a net increase of eight, bringing the total to 1,019 – the



The changing face of bingo: the increasing number of younger, more affluent customers is making bingo an attractive investment

first rise since 1974. About 2.8m people play regularly in the UK, according to the Bingo Association of Great Britain.

Two large operators dominate the business: the Rank Organisation, with 163 clubs trading under the Top Rank and Mecca names, and Gala Clubs, owned by Bass, which has 136 venues.

Although the chains' clubs are predominantly in converted cinemas and theatres, both groups are focusing their investment on purpose-built bingo centres on the outskirts of towns and cities, providing parking as well as access by public transport.

Mr John Garrett, managing director of Rank's recreation division, says that it is in the purpose-built clubs that the change in the bingo market is most evident. At the group's newly-opened Southend club, which also offers a Saturday night cabaret, the average age is 39. Thirty per cent of the Southend customers are men.

The group says its bingo business has held up reasonably well during the recession, with last year's total admissions of 35m up 2 per cent on 1989. The average expenditure of Rank's customers per visit is about £13.50 – including entry fees, bingo tickets, food, drink and amusement machine spending. Spending has increased in line with inflation throughout the recession.

Given the preponderance of older clubs, however, accounts of how bingo has changed should not be overdone. The average age nationally is 55; and women still account for 80 per cent of players.

Mr Ian Burke, Gala Clubs' chief executive, says many of the traditional players have been a valuable resource during the recession. Pensioners on fixed incomes have continued to play. The industry has been helped by female unemployment rising more slowly than that of men, Mr Burke says.

Mr Nick Tamblin, First Leisure's commercial director, says: "The market shift is gradual rather than something that's happening overnight." Nor is the social class of bingo players changing markedly. "Let's not kid ourselves that we're looking for the BMW set. We're not. But we are now more geared to the car-driving visitor."

Mr Tamblin says that, together with snooker and 10-pin bowling, bingo is a business where operators can rely on large numbers of people spending small amounts of money, compared with other leisure pursuits such as foreign holidays. When times are hard, bingo customers tend to cut down on the number of times they play each week rather than stopping altogether.

Some appear to have cut down very little. Ms Jackie Quintin, a 33-year old mother

of four who won £425 at Wood Green on Thursday night, plays two or three times a week. Persistence appears to pay off: last February she won £1,800.

Far bigger prizes are available. At the newly-built Top Rank club in Romford, Essex, about 700 players are attempting to win a prize of £49,354.13. Most of the prize is on offer as part of the National Game, played every night and twice on Saturdays by 675 clubs around the country. The clubs are linked by computer. The numbers come from a central random generator at a centre near Heathrow airport.

The prize that night was won by a player at a club in Glasgow. There are enough smaller prizes, from £50 upwards, however, to give everyone the chance of winning something, sometimes. Mrs Jan Johnson, a 25-year old housewife, who plays at the Romford club once a week, won £1,000 last November. "It's addictive. Once

you've won once, you've got to come back and win again," she says.

No gambling business can succeed, of course, unless customers lose more than they win, but a Gallup survey of bingo players in 1991 found that only 4 per cent had never won anything. A third said they had won more than 10 times.

Gaming legislation in the UK places severe constraints, however, on the bingo industry's ability to market itself. All bingo players have to be club members. Although membership is free, customers have to wait 24 hours after being accepted before they can play. Clubs are only allowed to advertise their venues to the public as social meeting places. They are not allowed to say what prize money is available, even on the outside of the club.

Much of the broadening of bingo's appeal has been by word of mouth. Mr Jason Derham, a 24-year old painter and decorator who plays at Romford once a month, was persuaded to come by his girlfriend, whose parents had been playing for years.

The plastic membership swipe cards, which players use to gain entry do, however, provide clubs with marketing information which they use to target customers directly. Members receive birthday cards from the club, as well as offers such as a free drink on a particular night.

The Rank Organisation says it once noticed from the information provided by the cards that a group of regular customers, all living in the same area, had stopped coming. Further investigation revealed that a change in the bus timetable had made it difficult for members from that area to reach the club in time for the start of the session. When the starting time was made slightly later, the customers began playing again.

US sneaker makers face tough competition, says Martin Dickson

Rebounds? No sweat

It has been a wonderful week for Michael Jordan, America's best-known and highest-paid sportsman, who led the Chicago Bulls to their third consecutive National Basketball Association championship on Sunday night.

The 4-2 victory over the Phoenix Suns in the seven-game series was due in no small measure to the 30-year-old's extraordinary athleticism. And the hat-trick helped Jordan brush off media controversy earlier this month over his enthusiasm for gambling.

It should also have been a great week for Nike, America's leading athletic footwear manufacturer. Not only does it have Jordan under contract to promote its products (paying him a reputed \$10m to \$20m a year) but also Charles Barkley, a Phoenix Suns star known for his aggression on the court.

Each player has his own Nike line – called Air Jordan and Air Force Max. Basketball shoes are the largest single category of sporting footwear in the US, accounting for some 25 per cent of the \$6bn wholesale (nearly \$12bn retail) market, according to the Athletic Footwear Association.

"For Nike," says one industry observer, "the NBA playoffs was a series made in heaven."

Yet Nike's week has been anything but a slam-dunk. Its shares fell sharply after it warned that 1993-94 earnings were likely to be well below Wall Street's expectations, and the market's gloom was compounded by a similar statement the previous week from Reebok International, Nike's arch rival.

Both companies blamed general retail sluggishness in the US and recession in Europe, while Reebok said its problems were compounded by weaknesses in its line-up of basketball shoes this quarter. But observers suggest other factors may also be at work, including pressure on margins from intensifying competition in the mature US athletic shoe market, and shifts in footwear taste among fashion-conscious young Americans. The 1980s were the great boom era of the sports segment, as a new generation of American companies, led by Oregon-based Nike and Reebok of Massachusetts, rapidly overtook European rivals like Germany's Adidas by offering shoes tailor-made for the fitness fads of the era, such as aerobics and jogging.

The new shoes were not only comfortable on the feet but also looked stylish, and the number of Americans buying them as fashion leisure wear quickly outstripped sales to those trying to work up an athletic sweat. Today, only one-third or fewer of US sneaker buyers use them for sport.

The boom plateaued at the start of this decade, owing partly to recession but also to market saturation. The average American owns three pairs of sneakers but, like mortals everywhere, has only one pair of feet to show them off on.

So while sneakers now make up almost 40 per cent of the US footwear market, the numbers sold last year dropped 1.8 per cent from 1991 and nearly 4 per cent from the 1990 record of 333m pairs.

This maturity has encour-

aged the American manufacturers to focus much more attention on foreign markets, which they reckon could be worth about double the US one. Their brightest prospect is Europe, which seems gradually to be adopting more casual shoe styles.

However, recession has temporarily put a damper on the European market, and the effect on US companies' profits has been compounded by the recent strengthening of the dollar against European currencies. At the same time, the flat US market is producing much tougher competition at home, forcing companies to trim prices to maintain market share.

This pressure on margins could intensify over the next few years, owing to the growth of big new sporting goods superstores with the retailing muscle to command keen wholesale prices. For example, Kmart, the discount stores group, is building up a chain called Sports Authority, each branch of which will sell up to 40,000 different items under one roof.

These forces seem likely to mean consolidation of the footwear industry, since they favour the largest, best-capitalised manufacturers such as Nike and Reebok.

So too do the concomitant pressures on the manufacturers constantly to come up with better-engineered shoes in new designs and then pour tens of millions of dollars into marketing them – particularly to the fickle young Americans who make up a large proportion of their customers. For them, shoes are as much a statement of personal identity as a means of locomotion.

Some analysts suggest that one factor in the sneaker manufacturers' sluggish sales this summer may be a sudden, youthful enthusiasm (though still minor in terms of the industry's revenues) for British-made Dr Martens shoes – down, military-style boots worn by the likes of singer Madonna and actor Arnold Schwarzenegger.

Dr Martens complement the "grunge" look, and are the antithesis of the sports shoe, such as Nike's extremely light Air range. It was these sneakers, and the endorsement of Jordan, which allowed the company to recapture US market leadership in 1989 from Reebok, which had the title for the previous three years.

Reebok has hit back with its "pump" range, which allows air to be pumped into a shoe for a better fit. But despite gains at the expense of smaller rivals, Reebok still accounts for only 24 per cent of the market, compared with Nike's steady 30 per cent.

Reebok is vowing to overtake Nike by 1995 and it has a new weapon – its Shaq Attack range of basketball shoes, named after a 7 foot, 250 lb young star named Shaq O'Neal is one of the most promising talents in the NBA, but he plays for Florida's Orlando Magic, a team that is not based in one of the premier basketball cities, and he has yet to win any important pennants.

And, as Michael Jordan can attest, when people are buying dreams as much as a pair of shoes, nothing succeeds like a three-time champion.

MAN IN THE NEWS: Brian Moffat

Superman, or just a grey man of steel

There is something about the way Brian Moffat has reached the chairman's office at British Steel that resembles the ascent of another "Prime Minister from nowhere" – John Major.

Like the prime minister, Moffat's public persona was scarcely visible when he added the job of chairman to that of chief executive – a step he says British Steel never intended to take. But his profile is higher after a week which saw him lambasting state subsidies in Europe and "ostriches" in the US – Big Steel and its unions.

Like Major, too, Moffat owes a considerable debt to a predecessor whose style could hardly be more different: the ebullient Sir Bob Scholey. A man with a legendary temper and an ability to arouse strong emotions has given way to a man who inspires respect but is described as inquisitive and aloof.

"I don't smile too much," says Moffat, who has been silver-haired as long as anyone at British Steel can remember. "But at times it's been grim. Perhaps there'll be more opportunity to smile as things pick up."

The analogy with Downing Street should not be pursued too far: Thatcher wanted because she was pushed; Sir Bob served out his contract; Moffat, aged 54 and named chief executive in 1991, took on the additional role of chairman this year after the new non-executive chairman, Sir Alistair Frame, resigned for health reasons.

Moffat's style may contrast with Sir Bob's but his message – spelled out on Monday as the company announced a £149m annual pre-tax

loss – picks up many of the same themes: free markets, level playing fields, cost control, competitiveness; above all, the refrain, "We've cut capacity, now it's somebody else's turn."

But a big question remains: does Moffat have the political skills and the charisma for the top job?

Running British Steel is a highly political task. The company may have been privatised in 1988, but no big integrated steelmaker can operate in a vacuum: witness the outrage in Scotland last year over the final closure of the Ravenscraig plant, this week's dispute over US anti-dumping duties, and the tortuous progress of the European Commission's restructuring plans for the industry.

Some observers believe British Steel might appoint another non-executive chairman to replace Sir Alistair, but the ideal solution, says Moffat, would be for him to remain chairman and a new chief executive to be appointed from within the company.

The City would prefer the roles to be split, but at present British Steel is sticking with Moffat in both. "Two institutions have raised the question," he says. "We've seen one and written to the other. We've had understanding replies."

One role or two, British Steel characteristically makes no attempt to puff up the image of its chairman, who is no self-promoter. The company's bald biographical note does scant justice to his career.

Born and raised in Scotland, Moffat is a chartered accountant who joined the former British Steel Corporation in 1968, a year after it was nationalised, from Peat Marwick Mitchell.

Starting as deputy controller, finance, at head office, he moved through a succession of posts before becoming managing director of finance in 1985.

Moffat's big break – especially for an accountant – was his appointment as Scholey in 1978 as director of the sprawling Port Talbot works in South Wales. "Bob Scholey was never frightened to use youth, and neither have I been," he says.

Moffat spent 10 years at Port Talbot, weathering the national strike in 1980, cutting jobs from 13,500 to 4,700, and masterminding its restructuring and capital spending programme. "We rebuilt it from end to end, turning something that was third class into a first-class plant," he says.

By this stage, he says, he enjoyed making steel more than being an accountant, and he was initially reluctant to go back to head office as managing director, finance. But the move gave him the opportunity to become involved with the 1988 privatisation of British Steel, and established his strong reputation in the City.

Three years later, Moffat's ascent through British Steel received a surprise boost. Martin Liorch, destined to be chairman, resigned suddenly as chief executive and Moffat replaced him.

Today, as chairman and chief executive, Moffat retains his strong reputation in the City, but a succession of reduced or passed dividends and the difficulties over EC restructuring and US trade friction raise the question of whether the job is too big for him – or for any one person.

One consultant familiar with British Steel calls the decision to combine both posts "scandalous... Moffat is a



very good chief executive, he's a tough son-of-a-bitch, but he doesn't have the vision to be a chairman." Sir Alistair's departure, he says, not only gave British Steel a chance to recruit back into its shell, but robbed the company of a chairman with immense experience in dealing with politicians.

Moffat responds: "If the whole burden of British Steel rested on my shoulders, that would not say much for its management depth. I can bring the company the benefit of my experience and set the agenda. Other people will have to carry it. The future of British Steel may be an accountant-turned steel-

man, but his message to long-suffering shareholders suggests he has not gone entirely native. "I'm not interested in making steel, I'm far more interested in making money," he says. "We've been cutting costs very seriously since 1980, now we've got to concentrate on the revenue side." This means raising prices, improving the product mix and further enhancing quality. To satisfy the doubters, the man who came from nowhere has to prove that he is a somebody on the public stage and that he can deliver on this strategy.

Andrew Baxter

No say on funds to Tories

From Mr Keith Darlington.
Thank you for your excellent reporting of the Tory party funding fiasco ("Tories unsettled by funds secrecy", June 21).

I would add that it is also widely assumed that company donations are made with the approval of shareholders. From my own experience, this is totally false. For I have written, as a shareholder, to two companies which donate large sums of money to the Tory party, seeking an opportunity to vote on ceasing donations. In all cases my request has been rejected on the grounds that the Tories serve companies' economic interests best.

Leaving aside the democratic rights of shareholders, such claims are extremely dubious given the economic shambles the country is now in after 14 years of economic mismanagement. Indeed, I would go further and say it is because the Tory party is so excessively funded that we are now so badly governed. For if the events of the last 12 months tell us anything, it is that a party that can buy its way to permanent power will become tired, complacent, incompetent and unfit to govern.

Keith Darlington,
24 Wycombe Road,
Gants Hill,
Uxbridge, Essex IG8 6UT

Morse put on wrong TV beat

From Mr John Palmer.
Sir, It was clever detective work by you to discover the solution to the mystery being investigated by Inspector Morse in the BT3 campaign. Unfortunately, though unravelling the clues, you made one serious error: Inspector Morse is one of Central Television's many successful dramas and

not Thames's, as Observer said ("BT3 – the end", June 23). I fear you are destined to continue walking on the beat without any sergeant stripes, if you make errors like this.

John Palmer,
Controller, press and publicity,
Central Broadcasting,
Central House,
Broad Street, Birmingham

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Mortgage arrears a long-term problem

From J J Plant.

Sir, Mr Cole of James Capel proposes the view that "mortgage arrears gloom is overdone" (Letters, June 23). May I suggest certain reasons for the opposite view.

First, a very large number of mortgages have had to "capitalise" their arrears over the last few years, under pressure from their lenders. These cases will no longer appear in the official statistics as "arrears"

but as additional lending (falsely inflating the figures for new loans). In the short term, borrowers in this position are in the same position as those in arrears, so far as their ability to spend money is concerned. However, such borrowers (and their lenders) have transformed a short-term reduction in spending power into a reduction over the remaining term of their mortgages (often extended by the

lenders to allow the repayment-income ratios to come back into line with their standard lending criteria).

Second, published statistics on mortgage arrears rarely reflect the effect of "arrears charges" on the balances owed by borrowers in difficulties. Such charges are in reality usurious, but are dressed up to avoid the usury laws. Their impact on mortgage balances, and consequently upon spend-

ing power, may be as much as 50 per cent of that of directly recorded arrears.

Third, the impact of severe wage restraint on the high proportion of mortgages who earn their living in the public sector will ensure that the overhang of debt and arrears is not rapidly cleared.

J J Plant,
101 Clova Road,
Forest Gate,
London E7 9AG

Danger to Baltic states of Sweden and Finland joining EC

From Rasmus Klinka.

Sir, I read with interest the requirements for those central and east European countries that at present have associated EC status to become full members ("The Copenhagen summit", June 23). While it is relatively, if not entirely, straightforward to determine whether a particular country

has achieved "stability of institutions guaranteeing democracy, the rule of law, human rights..." it seems to me that the requirement to have achieved "the capacity to cope with competitive pressure and market forces within the Union" is like the proverbial piece of string.

I cannot but notice that one

or two countries within the Union seem to be having a spot of trouble in this regard. I note further that, if Sweden and Finland join the EC, the Baltic states of Estonia, Latvia and Lithuania, which have associated status and are struggling to fulfil the requirements as set out in the declaration, may suffer. The fear is that the EC

will force Sweden and Finland to cancel bilateral free-trade agreements with the Baltics which have helped their economies to such a large degree since their independence.

Rasmus Klinka,
Director,
Anglo-Baltic
Information Consultancy,
14 Tudor Road, London E9

Gatt can only survive if it widens its remit to include social clause

From Dr Denis MacShane.

Sir, David Buchan writes that the idea of a social clause in the General Agreement on Tariffs and Trade is "presumably that unions would push up labour standards, and thus costs. In developing countries" ("France's four-letter word", June 21). The idea is far simpler. It is that unions, once able to operate in conformity with the conventions agreed by governments, employers and unions over decades at International Labour Organisation tripartite gatherings, would be able to push up internal purchasing power, hence demand.

It is a system that worked first for North America, then for west Europe, and then for Japan between 1945 and 1990, and follows the law of subsidiarity, as it allowed institutions of different countries to find their own way to solve the problem of wealth-creation and distribution. High internal demand supported by high wages usually goes hand in hand with low unit costs, and

free trade. A Gatt social clause was not needed for the US, Japan and west Europe, as all three economic centres played by the rules of economic and democratic pluralism – including the former authoritarian states of Spain, Portugal and Greece when they joined the EC.

Unfortunately, the new world economic players, notably those in Asia, want to write new rules to guarantee their positions as export platforms while denying economic pluralism internally. Gatt will only survive if it widens its remit to include a social clause, and the EC leaders in Copenhagen should ask not how they can make European worker-consumers poorer by cutting labour costs but how they can make the world's worker-consumers richer by increasing their ability to buy the goods and services they make.

Denis MacShane,
54 bis route des Acacias,
1227 Geneva, Switzerland

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GOVERNANCE

JUNE 30TH: The Cadbury Code on corporate governance comes into effect.

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turnover and margins for the construction-related activities were seriously affected by the recession.

Action had been taken to reduce overheads and the disposal and closure of some businesses should mean a return to profitability as economic conditions recovered, it added. Current order book was in line with budgeted expectations.

The company said it intended to publish the 1992/93 results - which have been prepared under FRS 3 - on its

DIVIDENDS ANNOUNCED					
	Current payment	Date of payment	Conse- pending dividend	Total for year	Total last year
Brunner invest	Int 2.75	Sep 14	2.35		5
Caldwell key \$	Int 0.34		nil		7.875
City Merchants	Int 1	Oct 8	nil		7.875
Electric and Gen	Int 2	Sep 24	2.075		3.1
Oil	Int 1.6	Oct 1	3.1	3.1	
Robinson Int	Int 6.25	Oct 1	6.25	9.45	9.45
Rothmans	Int 1	Oct 4	1	1.75	1.75
Shaw (Arthur) \$	Int 7.5	Aug 20	6.5	11.5	10.25
Sydney	Int 6.3		nil		1.3
Tote	Int 1	Oct 4	6.3	9.45	9.45
Victrol	Int 1	Aug 31	1	1.5	1
Yorkshire Elect	Int 0.25	Aug 23	0.2	0.275	0.2
	Int 14.42	Oct 5	12.53	20.42	17.76

Main business resilient to recessions

Reduced exceptionals boost LIG to £27.8m

By Maggie Urry

A CREDITABLE performance by London International Group's health and personal products business was offset by a fall into losses in the photoprocessing division, leaving annual profits down from £39.4m to £27.8m before exceptional costs.

These costs were much reduced, though, at £7m (£22.5m). That left the pre-tax profit for the year ended March 31 1993 at £27.8m, up from £16.9m.

Exceptional items covered the closure of some photoprocessing facilities and reorganisations costs within the health and personal products side.

The group said it had no further comment to make on the episode last month when it was censured by the Stock Exchange for warning some analysts and shareholders that profit forecasts were too high.

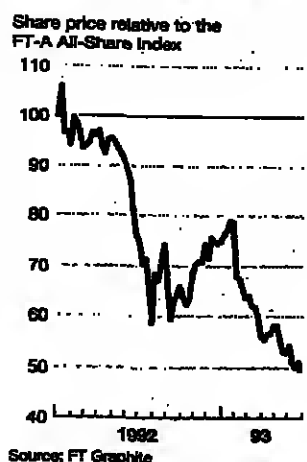
The result was at the lower end of revised expectations, and the shares fell 6p to 176p.

Mr Tony Butterworth, chief executive, said it was frustrating to have the distraction of the photoprocessing losses when the health and personal products activities - including condoms, toiletries, surgeons gloves and household gloves - were generating 90 per cent of group assets.

Turnover rose 4.5 per cent to £416m (£398.1m) and operating profits were slightly down at £27.8m (£28.6m).

Within that the health and personal products activities

London International



increased profits by 20 per cent to £21.4m, with margins rising from 15.4 to 17.5 per cent, but photoprocessing losses of £3.9m replaced profits of £5.8m.

Mr Butterworth said low volumes and prices had hit ColourCare, the photoprocessing business, and there was overcapacity in the industry.

LIG aimed to be the lowest cost processor and several million pounds of costs had been cut from the business.

The benefits of that would be seen in the current year. The acquisition of SupaSnaps had given the group nearly 30 per cent of the UK market, he said.

He said once recession ended the business was well placed to earn good returns. The group would then take a strategic look at it which could result in

its sale or retention. The European industry was consolidating along the lines of the US and UK industries, he said.

Meanwhile, the group's main business had proved resilient to recession in the UK and US. He struck a note of caution though as markets in Germany, Spain and Italy were now going into recession which could restrict sales growth.

Geographical expansion was an important element of growth. In March the Durex brand was launched in China. The group reckons to have 35 per cent of the world market for branded condoms. He said the Monopolies and Mergers Commission, currently looking into pricing of condoms in the UK, was expected to report next February.

Biogel surgeon's gloves, launched in the US three years ago, had now got a 24 per cent share of the US market by value. However, a reduction of stock in the distribution pipeline had held back sales.

Interest charges rose from £9.2m to £15m reflecting higher borrowings and interest rates in countries where LIG borrows to hedge assets, such as Italy. Year-end net debt was £128m.

Mr David Harbnt, the finance director, said the business had been close to generating cash before acquisition and exceptional costs and these costs would be reducing now. Cash generation to reduce debt was a priority, he said.

See Lex

Racing uncertainty faces Gosforth Park

Chris Tighe details the problems encountered by plans to secure course's future

TODAY, the centenary running of the Northumberland Plate, "the Pitman's Derby" at Gosforth Park, is an historic high point for the quoted company which has owned and run the Newcastle racecourse since 1882.

But despite this afternoon's celebrations, enhanced by a visit from the Queen, there are worrying times for High Gosforth Park plc.

The green belt designation of the racecourse's entire 800 acre site, acquired by High Gosforth Victorian founders "to promote sport in a proper fashion and get a fair return for their trouble," said that it was proving a stumbling block to the property development plans on which the company's, and the racecourse's, future depend.

High Gosforth Park this month declared a £21,000 pre-tax loss for 1992, on turnover of £1.13m. The loss at the operating level was £22,000.

Mr David Parmley, the managing director and clerk of the course, said that over the last decade the company's retained annual profit averaged about £20,000. Its reserves stood at only £100,000.

Despite its verdant setting and imposing listed buildings, the course, which offers the only grade one racing between

York and Ayr, is being run on a shoestring. Essential maintenance bills are a constant worry.

"It's clear to anybody if this company doesn't get a lot of money quickly it's down the pan," said Mr Parmley. Only five of Britain's 59 racecourses were making money from horse racing, he added. Many made ends meet by car boot sales and land development.

High Gosforth Park argued at a public inquiry last year for planning permission for housing and office development on several pockets of its land. Sale of sites with planning permission would raise about £4.4m, which it has pledged to plough back into improvements to course facilities and refurbishment of its listed buildings.

The inquiry inspector recommended approval for nearly all the plans. But in May Mr Michael Howard, then environment secretary, indicated he was minded to reject the housing and office elements. The company was invited to reconsider its plans, now hoping his successor, Mr John Gummer, may accept its arguments for green belt development.

Without it, the future for Gosforth Park, ranked 12th and 14th respectively on the levy



David Parmley: seeking planning permission for housing and offices on green belt land to survive

board's flat and jump merit tables, was very bleak, said Mr Parmley.

It is quoted status, unusual in British horse racing, is of little assistance. A rights issue would be "nonsensical", he said, given that the shares, quoted at 35p each, passed the 1992 dividend and paid only 15p the year before. Trading in

the 90,960 issued shares is moribund.

The company has support, including sponsorship, from substantial regional companies. The non-executive directors of High Gosforth Park include several of the north east of England's great and good.

Scottish & Newcastle is putting up £35,000 of the guaran-

teed £100,000 prize money for today's Plate, the 150th time the race has been run.

Back in 1833, when it was first held before moving to Gosforth Park, Northumberland and Newcastle teamed with miners. Now, just one deep mine, Ellington, clings on.

Mr Parmley has to hope the Plate will outlive the pitmen.

Good second six months helps to cut loss at Arthur Shaw to £99,000

THE SECOND half at Arthur Shaw, manufacturer of builders' hardware and supplier of engineering products, showed an upturn in all activities, and the group cut its loss from £410,000 to £99,000 in the year ended April 1 1993.

That was after exceptional charges of £221,000 (£113,000), so the group traded at a profit of £122,000 (loss £297,000) from turnover of £16.8m (£15.7m).

The £221,000 exceptional item included £135,000 of various costs relating to the extraordinary meeting called by rebel shareholders in February and subsequent management changes.

Mr Brian Phillips, the new chairman, said the board had continued with a programme

of severe cost cutting and management rationalisation. All divisions had implemented plans to expand sales, improve margins and enter new markets.

He was conscious of the current financial position and steps were being taken to reduce borrowings and gearing. Asset disposals were under constant review.

The manufacturing division had gained substantial additional business in the window hardware sector through increased market share, new products and improved demand.

Losses per share were reduced to 1.58p (3.33p). There is no dividend against an interim of 1.5p.

NEWS IN BRIEF

ARMOUR TRUST has bought Jenolite, the retail division of Parmalat, from Satra for £135,000 cash.

BROMSGROVE INDUSTRIES has acquired Lillemann, a precision forger and machinist of orthopaedic and surgical products for £200,000 in cash and shares.

EFG says 17.7 per cent of the recent rights issue was taken up. Sub-underwriters will be required to take up some 85 per cent of their commitment.

HARMONY LEISURE GROUP: Of 39.91m rights issue shares offered, acceptances have been received in respect of 33.18m shares (83.1 per cent).

HEADLINE BOOK Publishing: At the first closing date in its offer for Hodder & Stoughton Holdings, acceptances had been received in respect of 432,853 shares (96.16 per cent).

LEIGH Interests has acquired Bonfield, a Coventry-based company involved in deep sewer cleaning. Consideration

is £700,000 in 348,258 shares. MR-DATA Management Group has acquired the outstanding 30 per cent in Scannadia, its subsidiary, for £400,000 in shares.

OLIVES PROPERTY: Open offer of 9.76m new ordinary shares has closed. Kent Holdings, AP Grant, the trustees of the AP Grant family trust and GM Leigh irrevocably undertook to take up 4.93m shares not placed subject to recall and in addition, valid applications were received for 3.03m shares (62.3 per cent). Of remaining shares, 1.775m have been placed with institutional and other investors and 20,616 have been subscribed by Albert E Sharp, in each case at open offer price of 28p per share.

RICARDO has sold Ricardo Technical Communications to a subsidiary of Vesper Thorneycroft for £200,000, payable on completion. The disposal represents Ricardo's departure from a non-core activity and

the proceeds will be used to reduce group debt. SELECTIV: Mr Michael Buckley no longer has a notifiable interest in the company's equity.

SHEFFIELD INSULATIONS: Valid acceptances have been received for 36.1m new ordinary shares, including the 20.1m which were placed firm, offered in its rights issue. This represents 97.8 per cent of the shares provisionally allotted.

WARNER HOWARD Group has acquired the assets and liabilities of a portfolio of catering equipment rental agreements from Gerard Gamble for £1.02m cash.

WICKES announced that SC Warburton has arranged for the sale to Hass Corporation of 1.875m warrants to subscribe ordinary 25p shares of Wickes at a price of 23½p per warrant. Mr Henry Sweetbaum, chairman and chief executive of Wickes, has an interest in Hass.

TGI down but prospects better

TGI, which concentrates on the design and manufacture of loudspeaker products, suffered from the difficult trading conditions in the UK and Far East and its operating profit declined 31 per cent in the year ended March 31 1993.

The result amounted to £409,000 compared with a previous £597,000 and was achieved from turnover of £34m (£35.6m).

The profit included £1m surplus on the sale of investment

in Goodmans Industries, £129,000 release of provision for closure costs of Kyo, less closure costs of Audix loudspeaker activities. Interest charges were £1.1m (£1.0m) and £418,000 (£380,000).

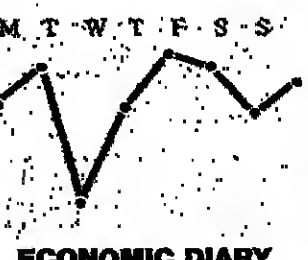
Continuing activities produced £33.7m (£32.4m) turnover and £397,000 (£1.2m) operating profit in very tough market conditions, said Mr Norman Crocker, chairman.

Improved market conditions could be detected in some parts

of the business, and new products had been launched or planned.

Costs had been reduced further, and, provided the OEM volumes continued to hold up, "we have the ingredients for good profit growth in the current year", he told shareholders.

After a tax credit, earnings per share were given as 2.5p against 2.5p while the final dividend is 1p making a total of 1.5p (1p).



TODAY: Russia's Constitutional Assembly reconvenes in Moscow.

SUNDAY: Informal meeting of the European Community agriculture council in Kolding, Denmark.

MONDAY: European Community environment ministers meet in Luxembourg. Mr Boutros Boutros-Ghali, UN secretary general, opens month-long session of UN economic and social council in Geneva. Organisation of African Unity holds summit conference in Cairo (until June 30). Financial Times holds conference "Opportunities in product take-back and recycling" at Petersberg, near Bonn. Preliminary results from Seaboard.

TUESDAY: US consumer confidence (June); new home sales (May). Mr Chris Patten, governor of Hong Kong, flies to London for talks with Mr John Major, prime minister, and Mr Douglas Hurd, foreign secretary (until July 2). Mr Michio Watanabe, Japanese foreign minister, visits Seoul. European Community monetary committee meets in Brussels.

WEDNESDAY: Central Statistical Office publishes monthly digest of statistics (June) and economic trends (June). US gross domestic product (final) quarterly; factory orders (May). Mr Boris Yeltsin, Russian president, arrives in Athens for three-day visit. Two-day Asian-Pacific green conference opens in Tokyo. European Community research ministers meet in Luxembourg. Old-style 10p coin ceases to be legal tender.

THURSDAY: Cyclical indicators for the UK economy (April third estimate). US jobless claims; NAPM (June); personal income (May); construction spending (May). Belgium takes over presidency of the European Community council of ministers. New Zealand budget. Nordic prime ministers meet in Reine, Norway. Association of Lloyd's members annual conference in London.

FRIDAY: UK official reserves (June). US unemployment (non-farm) (June). Extraordinary meeting of European Community foreign ministers in Brussels.

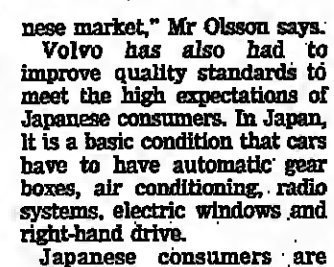
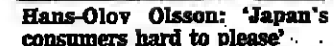
LIFE EQUITY OPTIONS

CALLS	PUTS	CALLS	PUTS
Jan	Jan	Jan	Jan
Admiral	500 48 82 70 3 10 17 12	Admiral	400 17 28 20 13 26 40
Admiral	300 12 23 20 13 21 27	Admiral	200 17 28 20 13 26 40
Admiral	100 12 23 20 13 21 27	Admiral	100 17 28 20 13 26 40
Admiral	50 12 23 20 13 21 27	Admiral	50 17 28 20 13 26 40
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Admiral	6 12 23 20 13 21 27	Admiral	6 17 28 20 13 26 40
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Admiral	0.5 12 23 20 13 21 27	Admiral	0.5 17 28 20 13 26 40
Admiral	0.25 12 23 20 13 21 27	Admiral	0.25 17 28 20 13 26 40
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Previous	High/Low	
40.025	43.750	47.825
46.425	48.250	45.000
40.950	40.800	40.200
40.880	40.725	40.375
40.925	41.025	40.750
40.175	40.275	40.050
45.880	45.500	43.750
45.300	45.400	0

0.000 lot, cents/sb

Previous	High/Low	
34.975	35.500	34.450
34.025	34.700	33.500
39.860	40.100	39.850
39.275	0	39.225



LONDON STOCK EXCHANGE

Equities drift lower in light selling

By Terry Byland
UK Stock Market Editor

A WARNING from the UK Chancellor of the Exchequer that domestic taxes might have to be raised this autumn if the economic recovery fails to accelerate untested the London stock market yesterday. Share prices gave ground again but selling pressure remained light and the market steadied to hold on to the lower end of the new trading range which has emerged this week.

Mr Kenneth Clarke also indicated, in an interview with the Financial Times, that there was no immediate prospect of a further cut in UK base rates and that he would take no risks with inflation.

Account Dealing Dates		
First Dealing	Jun 21	Jul 5
Second Dealing	Jul 1	Jul 15
Third Dealing	Jul 15	Jul 29
Fourth Dealing	Jul 29	Aug 12
Fifth Dealing	Aug 12	Aug 26

*New share dealings may take place from 9.30am on the business days earlier.

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Although uneasy at the opening, the stock market left it to the stock index futures sector to set the pace for the day. An early fall in the September contract on the Footsie soon turned the underlying market downwards and by mid-session the index was down by 11.5. Distortions were caused by erratic movement in shares of Rothmans Interna-

recovered from recent falls closing 6% higher at 718.4p. ICI was weaker as the recently demerged chemicals group announced at its annual meeting that business conditions in continental Europe remained poor in spite of recovery signs in some markets. However, the company's chief executive Mr Ronnie Campbell put out at the recent rash of demergers saying: "I don't understand what the analyst community is about. We have not changed our stance right the way through."

Health care products company London International Group closed lower on balance as the company reported a profit of £27.8m after exceptional gains against analysts' forecasts of around £33m. The headline figure was well up on the previous year and the company made a positive statement but the output from LIG's photo-processing arm was even more disappointing than anticipated. The shares

closed 6 lower at 178p although Hoare Govett remained positive focusing on the yield and arguing that the company was "managing well in a very difficult environment".

Against a largely flat sector Boots continued a modest climb, adding 5% to 450p. GUS "A", subject of an antitrust case, continued to be a market star performer this week after good results, moved its rise on the week to 114 and ended the day at 632p. It also benefited from the recommendation of NatWest.

Food manufacturers' shares went their separate ways with dairy-related issues mixed despite market belief that a milk price rise had been agreed

maintained its year-end forecast at 2,900, commenting that there was "little sign yet" of the earnings upgrades which had been expected by the bulls.

The FT-SE 100 Share Index ended the week a mere 8.1 points up as fading hopes of reductions in German and UK interest rates took the heart out of a market encouraged at first by improvement in the latest UK economic data, especially the better employment figures.

The week also brought profit-taking in the second line stocks which had been outperforming the blue chips. Yesterday's fall of 2.6 put the FT-SE 100 index at 3,215.8, compared with the all-time peak of 3,218.5 reached on Monday.

sonably buoyant period. Tesco denied press reports of a boardroom battle.

The market responded enthusiastically to an announcement by David S. Smith, the paper and packaging manufacturer, that it is buying Spicers Group, the office products wholesaler, for £35m, raising the cash via a one-for-four offer at 305p a share. A bullish profit forecast by the company helped the shares rise 16 to 359p.

Bid speculation and general confidence boosted some northern brewers. Harveys and Hanson's, the Nottingham-based company, moved ahead 16 to 247p. Joseph Holt, the Manchester-based family concern, advanced 50 to close at 307p.

Greene King was not so fortunate: the shares lost 13 to 516p with dealers attributing the fall to a stock overhang.

Generally, the sector was in retreat with Whitbread "B" the only large stock to show buoyancy - putting on 18 to 98p.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Christine Buckley.

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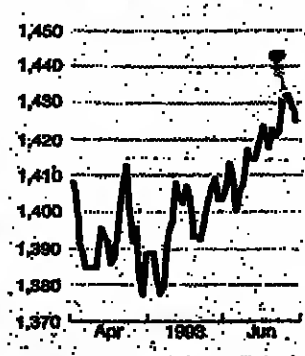
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FT-A All-Share Index



established itself in a new trading range based on the 2,900 area. However, the equity team at S.G. Warburg yesterday

maintained its year-end forecast at 2,900, commenting that there was "little sign yet" of the earnings upgrades which had been expected by the bulls.

The FT-SE 100 Share Index ended the week a mere 8.1 points up as fading hopes of reductions in German and UK interest rates took the heart out of a market encouraged at first by improvement in the latest UK economic data, especially the better employment figures.

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OTHER UK UNIT TRUSTS

● ET Cityline Unit Trust Prices are available over the telephone. Call the ET Cityline Help Desk on (071) 873 4378 for more details.

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FINANCIAL TIMES WEEKEND JUNE 26/JUNE 27 1993

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NEW YORK DOW JONES

	June 24	June 23	June 22	1993	Since completion	
	HIGH	LOW	HIGH	LOW		
Industrials	3479.61	3466.81	3467.53	3510.32	3554.83	3411.85
Auto	1047.61	1047.10	1047.10	1073.38	1072.87	1071.00
Transport	1515.28	1453.11	1456.43	1482.39	1509.18	1453.11
Utilities	242.88	241.76	241.76	240.05	247.26	241.74

DJ Ind. 1000 (1993) 3514.18

Low 3418.10 (1993) 3514.18

STANDARD AND POOR'S

Composite	446.2	445.19	445.03	446.2	466.30	429.05
Industrial	511.03	507.41	511.1	512.05	529.09	488.59
Financial	44.35	43.62	43.92	43.43	44.62	42.95
MSE Composite	246.0	244.95	246.0	246.11	251.36	238.21
NYSE Comp. Value	439.0	434.70	435.0	434.0	446.0	435.84
MAGNAD Composite	684.2	684.78	686.77	684.74	694.0	682.72

June 18

June 11

June 4

year ago (approx.)

2.95

2.93

2.89

3.14

June 23

June 18

June 9

year ago (approx.)

2.56

2.51

2.51

2.72

25.94

25.47

25.42

28.63

NEW YORK ACTIVE STOCKS

Thursday	Stocks trading	Closing price	Change on day	Volume	Millions	June 23	June 22
Reaction B	11,684,700	16 1/2	+ 1/2	260,639	271,943	257,831	257,831
Reaction B	4,157,400	16 1/2	+ 1/2	118,253	118,253	118,253	118,253
Reaction B	3,708,100	16 1/2	+ 1/2	118,253	118,253	118,253	118,253
Reaction B	2,322,700	30	+ 1/2	118,253	118,253	118,253	118,253
Reaction B	2,838,500	4 1/2	+ 1/2	118,253	118,253	118,253	118,253
Reaction B	2,838,500	4 1/2	+ 1/2	118,253	118,253	118,253	118,253
Reaction B	2,838,500	4 1/2	+ 1/2	118,253	118,253	118,253	118,253
Reaction B	2,838,500	4 1/2	+ 1/2	118,253	118,253	118,253	118,253
Reaction B	2,838,500	4 1/2	+ 1/2	118,253	118,253	118,253	118,253

June 24

June 23

June 22

1993

HIGH

LOW

STOCKS

267,934

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CANADA TORONTO

June 24	June 23	June 22	1993	HIGH	LOW	STOCKS
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934
Alcan & Minerals	307,934	267,934	267,934	267,934	267,934	267,934

June 24

June 23

June 22

1993

HIGH

LOW

STOCKS

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INDICES

	June 24	June 23	June 22	1993	HIGH	LOW
Australia	1704.4	1696.7	1696.8	1716.7	1706.48 (2005)	1435.00 (1991)
Canada	765.3	765.3	745.1	745.4	760.49 (2005)	584.12 (1991)
France	341.94	342.45	342.45	341.48	337.78 (2005)	302.38 (1991)
Germany	851.98	854.45	858.70	858.87	860.17 (2005)	770.28 (1991)
Italy	81.94	81.94	81.94	81.94	81.94 (2005)	81.94 (1991)
Japan	1265.80	1265.18	1263.74	1264.48	1265.11 (2005)	1125.48 (1991)
UK	3081.3	307.08	308.13	307.34	308.13 (2005)	281.60 (1991)
US	1107.2	1108.4	1102.3	1104.28	1104.28 (2005)	1041.00 (1991)
Spain	533.57	534.31	535.95	537.76	547.30 (2005)	477.34 (1991)
Sweden	189.84	189.84	189.84	189.84	189.84 (2005)	189.84 (1991)
Switzerland	187.23	187.11	186.15	186.15	186.15 (2005)	186.15 (1991)
Belgium	701.24	701.24	701.24	701.24	701.24 (2005)	701.24 (1991)
Denmark	3081.3	307.08	308.13	307.34	308.13 (2005)	281.60 (1991)
Finland	1107.2	1108.4	1102.3	1104.28	1104.28 (2005)	1041.00 (1991)
France	341.94	342.45	342.45	341.48	337.78 (2005)	302.38 (1991)
Germany	851.98	854.45	858.70	858.87	860.17 (2005)	770.28 (1991)
Italy	81.94	81.94	81.94	81.94	81.94 (2005)	81.94 (1991)
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ASIA PACIFIC
Pacific

Tokyo

WORLD STOCK MARKETS

AMERICA

Dow subdued as Toronto aims at 4,000

Wall Street

US stock markets ended a difficult week in subdued fashion yesterday, with share prices little changed across the board in light trading, writes Patrick Fitzgibbon in New York.

At 1 pm, the Dow Jones Industrial Average was up 1.66 at 3,692.97. The more broadly based Standard & Poor's 500 was 0.64 higher at 447.26, while the Amex composite was down 0.59 at 430.40, and the Nasdaq composite up 4.39 at 693.22. Trading volume on the New York Stock Exchange was 122m shares by 1 pm.

A week in which the markets posted both losses and gains ended on a flat note. Investors and dealers mostly ignored the overnight news that President Clinton's deficit-reduction economic package had narrowly passed the Senate, because the Clinton plan is likely to face further changes before it finally emerges from Congress, probably in August.

The day's only economic news was positive - the National Association of Realtors announced that sales of existing single-family homes rose by 4.8 per cent last month, a bigger increase than analysts had expected.

Signs of strength in the housing market, however, failed to stimulate buying interest in the equity markets, which remained dogged by concerns about corporate earnings. The second quarter reporting season is expected to start in earnest within the next two weeks.

Bond prices were also subdued yesterday, although the upward momentum in long-dated Treasury securities was maintained.

In early afternoon trading, the benchmark 30-year government bond was up $\frac{1}{8}$ at 105 $\frac{1}{2}$, and the yield was down to 6.716 per cent, close to its all-time low.

Profits warnings continued

to affect certain stocks. Hersey Foods slumped 3 $\frac{1}{2}$ to 46 $\frac{1}{2}$ after the company said that its second quarter earnings could be 5-10 cents below the 34 cents a share it earned as operating income a year ago.

Airline stocks continued to suffer from a renewed air fares war and recent warnings of slowing sales from the industry, although declining oil prices have given the sector some support. AMR, parent of American Airlines, fell $\frac{3}{4}$ to \$62 $\frac{1}{2}$. Delta dropped $\frac{1}{2}$ to \$47 $\frac{1}{2}$, UAL $\frac{1}{4}$ to \$122 $\frac{1}{2}$ and USAir $\frac{1}{4}$ to \$16.

Precious metals and mining stocks were firmer in the wake of higher gold prices. Newmont Mining climbed $\frac{1}{4}$ to \$51 $\frac{1}{2}$, Newmont Gold put on $\frac{1}{4}$ to \$46 $\frac{1}{2}$, ASA added $\frac{1}{4}$ to \$47 $\frac{1}{2}$. Mistake Mining edged $\frac{1}{4}$ higher to \$18 $\frac{1}{2}$ and Pegasus Gold rose $\frac{1}{4}$ to \$23 $\frac{1}{2}$ on the American Stock Exchange.

Canada

TORONTO got its tail up as the TSE 300 composite index approached, and briefly breached, the 4,000 mark. At midday, the TSE 300 was 17.39 higher at 3,996.97 after an intraday peak of 4,001.48 as volume rose from 33.6m to 36.7m shares.

The rise was powered by a 1 $\frac{1}{2}$ per cent gain in gold shares, and rises of 27.58 to 2,964.64 in the financial services sector, and 24.09 to 5,034.97 in oil and gas. Among the most active stocks, Bank of Montreal put on C\$4 to C\$26 $\frac{1}{2}$, and Royal Bank of Canada C\$4 to C\$27 $\frac{1}{2}$.

SOUTH AFRICA

GOLDS received a fresh boost which took the index 74 or 4.2 per cent higher to 1,855, for a weekly gain of 9.6 per cent. Industrials came back from highs to end 17 ahead at 4,713 while the overall index added 30 to 4,057.

ASIA PACIFIC

Pacific Rim recovers after early falls

Tokyo

POSITION squaring in advance of the weekend's Tokyo metropolitan assembly elections dominated activity, and share prices posted marginal declines in low volume, writes Erika Terasaki in Tokyo.

The Nikkei average fell 25.50 to 19,639.57 after a high of 19,745.45 and a low of 19,485.79. The Topix index of all first section stocks moved even more narrowly, falling 0.03 to 1,504.05, and in London, the ISE/Nikkei 50 index fell 0.69 to 1,200.25.

Most investors remained sidelined, while public fund managers supported the market against arbitrage selling. Volume totalled 869m shares against 250m. Gainers led losers by 522 to 463, with 164 issues remaining unchanged.

Reports on the insolvency of Nikomat, an unlisted convenience store chain, prompted selling of supermarket chain operators. Telukou Data Bank, a private credit research company, said Nikomat, whose

debts totalled Y11.7bn, had been hit by excessive expansion. Jusco fell Y60 to Y1,890 and Seiyu lost Y40 to Y1,350.

Mining issues, which were beneficiaries of the rise in gold prices, lost ground on profit-taking. Sumitomo Metal Mining, the most active issue of the day, plunged Y30 to Y1,000 and Mitsui Mining and Smelting fell Y14 to Y701.

The oil sector was the strongest performer of the day, rising 1.06 per cent. Reports of a hike in wholesale oil prices encouraged some short-term investors, with Showa Shell Sekiyu up Y30 to Y1,060.

The strong performance of Steven Spielberg's movie Jurassic Park in the US boosted Toho's Y1,000 to Y2,000. The movie theatre operator will distribute the movie in Japan this summer.

In Osaka, the OSE average fell 9.80 to 21,763.23 in volume of 18.5m shares.

Roundup

AFTERNOON recoveries after early falls were a pre-

Lower rates are key to Nordic markets' success

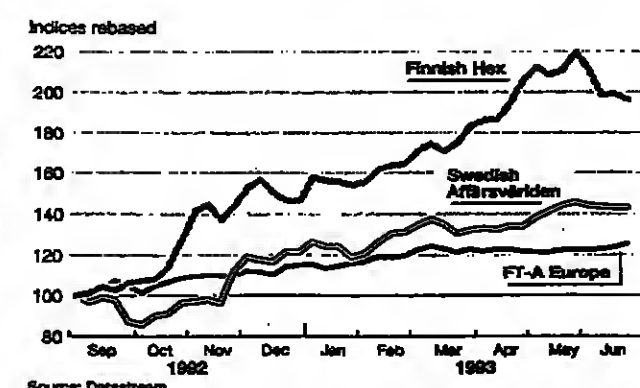
Christopher Brown-Humes says that prospects are still bright for some of Europe's best performers

A potent cocktail of falling interest rates and rising corporate earnings, speeded by devaluations and dollar sensitivity, has put the Nordic stock markets among Europe's top performers this year.

Indeed, Finland's Hex index has led continental Europe with a 34 per cent rise, while Oslo's all share index has added a 28 per cent gain. With both Copenhagen and Stockholm having strong runs, the Nordic Securities Market calculates that the average rise for the four exchanges this year is close to 20 per cent.

Falling interest rates and the expectation of further cuts have been the main influence. This has increased prospects for economic recovery, soothed nervousness over the state of the region's loss-making banks, and bolstered corporate earnings. Interest has been enhanced by increased buying by foreign investors switching away from the German and French markets.

The upturn in both Finland and Sweden has been helped



Source: Datastream

expectations that European interest rates will follow German rates downwards over the rest of the year has led most analysts to conclude that the Nordic markets stand to make further gains during the autumn, with little talk of anything more than a technical downward correction.

Finland has already seen a correction, the Hex having fallen by around 12 per cent since its May 24 high of 1,253. Having more than doubled

ther ahead if the dollar strengthens further, and as companies begin to feel the full benefits of last November's effective devaluation in the second half as hedging programmes expire.

Nevertheless, there are outstanding concerns over the robustness of the economy and the size of the budget deficit.

Expectations are arguably highest for Norway, in spite of the fact it has already put in this year, because of improving economic fundamentals and the high percentage of corporate earnings linked to the strengthening dollar. There are also clear indications that the country is past the worst of its banking and insurance crisis.

A strong recovery in shipping share prices - based on dollar strength rather than improving market fundamentals - is already under way, with the Oslo shipping index rising to 505 this week from 245 at the beginning of March.

Mr Tom Skjelstad, a stockbroker at Norse Securities, believes there could be further gains in the autumn, taking

the total index to around 550 at the end of the year from 485 this week. In the meantime there is likely to be nervousness about the outcome of the September election, with the governing Labour party likely to poll fewer votes because of its support for EC membership.

Denmark is probably the least favoured of the four. The 'Yes' to Maastricht is May was already discounted, and so is likely to have little bearing on the market's development over the rest of the year.

In addition, the country's exporters are struggling with a strong currency, worsening conditions in Germany, and a negative impact from recent tax reform proposals.

In spite of this, not everyone is pessimistic. Mr Fleming Macdon, head of equity research at Danske Securities, predicts that Danish corporate earnings will still rise by 17 per cent this year, and that the market can rise by a further 10 per cent over the next 12 months.

EUROPE

Zurich registers its fourth all-time high of the week

ANALYSTS fought a losing battle with dealers in the German equity market, while Switzerland continued to demonstrate its consistency, writes Our Markets Staff.

ZURICH continued to find support in the dollar, ending at its fourth all-time high of the week. The SMI index rose 12.1 to 2,348.2, 1.3 per cent up on the week.

Miss Michelle Doughty of Hoare Govette in London said that the market was also continuing to benefit from investors switching from other European markets.

Continuing hopes of easier interest rates and expectations of strong profit rises in banks boosted the market. CS Holding rose SF30 to SF2,640 and SBC SF16 to SF1,402.

Portfolio management banks were also in demand. Basler Holding added SF180 or 4.5 per cent to SF1,375 after Thursday's announcement that first-half profits would be above the level for the whole of 1992.

FT-SE Actuaries Share Indices

June 25	THE EUROPEAN SERIES							
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1196.14	1198.08	1200.35	1201.30	1202.05	1202.25	1201.88	1202.12
FT-SE Eurotrack 200	1249.18	1253.01	1252.48	1252.42	1253.36	1254.88	1255.46	1254.97
	June 24	June 23	June 22	June 21	June 18			
FT-SE Eurotrack 100	1199.58	1197.17	1198.09	1193.31	1196.72			
FT-SE Eurotrack 200	1251.56	1249.23	1253.34	1250.44	1242.58			

week and strong again yesterday. Daimler rose DM3.50 to DM616.50 and put on another DM4 to DM620.50 after hours although its Mercedes-Benz unit forecast an operating loss for 1993.

PARIS was dampened down by profit-taking, but it still had its rising stars as the CAC-40 index ended 2.46 lower at 1,960.84 on the day, and 2.6 per cent higher on the week.

Turnover fell by FF1bn to FF3.3bn. Peugeot extended its

gains which took the CAC-40 index 0.8 higher to 1,115.21, 2.1 per cent on the week.

Phillips rose 80 cents to FF29.20 after its German unit revealed lower 1992 net profits, and predicted break-even in 1994. A FF1.90 or 5.8 per cent rise to FF34.30 by Nedryd was attributed to reports that analysts were recommending the stock.

Nutricia, the baby and hospital food group, lost FF1.50 to FF132.50 after confirming rumours of a withdrawal of its powder baby foods across the US after a salmonella scare.

MILAN made little headway in this turnover as investors awaited the outcome of labour negotiations. The Comit index dipped 0.20 to 534.43, little changed on the week.

Olivetti extended Thursday's gains, rising 155 to fix at L1,440 before L1,460 on the day, and continued hopes that it

will obtain a licence for cellular telephone operations.

MADRID ran into doubts that the Socialists will be able to form a coalition government and the general index closed 3.41 lower at 258.80, 2.3 per cent lower on the week.

Argentina and Santander lost Ptas75 to Ptas4,625 and Ptas150 to Ptas5,600 in banks and Cuhleras and Uralita shed Ptas390 to Ptas6,650, and Ptas49 to Ptas791 respectively in the more volatile construction sector.

COPENHAGEN continued its advance amid widespread expectations of further sizeable rises next week. The KFX index added 0.25 to 89.19, in turnover of DKr644m.

Moeller's D/S 1912 A and B shares both rose DKr1,000 to DKr108,000 and DKr108,500 respectively, while Danisco, the food, sugar beet and packaging group, ended DKr15 higher at DKr750.

LONDON SHARE SERVICE

BRITISH FUNDS

Market	Index	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997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INVESTMENT TRUSTS - Cont.[illegible]

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Govett Strategic	<input checked="" type="checkbox"/>	217	—	218

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6	20	18	1	35.3	51.6
7	18	18	1	35.3	51.6
8	18	18	1	35.3	51.6
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74	27	27	2.2	101.5	7.3
75	27	27	2.2	101.5	7.3
76	27	27	2.2	101.5	7.3
77	27	27	2.2	101.5	7.3
78	27	27	2.2	101.5	7.3
79	27	27	2.2	101.5	7.3
80	27	27	2.2	101.5	7.3
81	27	27	2.2	101.5	7.3
82	27	27	2.2	101.5	7.3
83	27	27	2.2	101.5	7.3
84	27	27	2.2	101.5	7.3
85	27	27	2.2	101.5	7.3
86	27	27	2.2	101.5	7.3
87	27	27	2.2	101.5	7.3
88	27	27	2.2	101.5	7.3
89	27	27	2.2	101.5	7.3
90	27	27	2.2	101.5	7.3
91	27	27	2.2	101.5	7.3
92	27	27	2.2	101.5	7.3
93	27	27	2.2	101.5	7.3
94	27	27	2.2	101.5	7.3
95	27	27	2.2	101.5	7.3
96	27	27	2.2	101.5	7.3
97	27	27	2.2	101.5	7.3
98	27	27	2.2	101.5	7.3
99	27	27	2.2	101.5	7.3
100	27	27	2.2	101.5	7.3

Investors Cap.	120 1/2	—	134
Joe Higgs Capital	74	—	74

12	117	110	103	96	89	82	75	68	61	54	47	40	33	26	19	12	5
+3	116	109	102	95	88	81	74	67	60	53	46	39	32	25	18	11	4
+2	115	108	101	94	87	80	73	66	59	52	45	38	31	24	17	10	3
+1	114	107	100	93	86	79	72	65	58	51	44	37	30	23	16	9	2
0	113	106	99	92	85	78	71	64	57	50	43	36	29	22	15	8	1
-1	112	105	98	91	84	77	70	63	56	49	42	35	28	21	14	7	0
-2	111	104	97	90	83	76	69	62	55	48	41	34	27	20	13	6	-1
-3	110	103	96	89	82	75	68	61	54	47	40	33	26	19	12	5	-2
-4	109	102	95	88	81	74	67	60	53	46	39	32	25	18	11	4	-3
-5	108	101	94	87	80	73	66	59	52	45	38	31	24	17	10	3	-4
-6	107	100	93	86	79	72	65	58	51	44	37	30	23	16	9	2	-5
-7	106	99	92	85	78	71	64	57	50	43	36	29	22	15	8	1	-6
-8	105	98	91	84	77	70	63	56	49	42	35	28	21	14	7	0	-7
-9	104	97	90	83	76	69	62	55	48	41	34	27	20	13	6	-1	-8
-10	103	96	89	82	75	68	61	54	47	40	33	26	19	12	5	-2	-9
-11	102	95	88	81	74	67	60	53	46	39	32	25	18	11	4	-3	-10
-12	101	94	87	80	73	66	59	52	45	38	31	24	17	10	3	-4	-11
-13	100	93	86	79	72	65	58	51	44	37	30	23	16	9	2	-5	-12
-14	99	92	85	78	71	64	57	50	43	36	29	22	15	8	1	-6	-13
-15	98	91	84	77	70	63	56	49	42	35	28	21	14	7	0	-7	-14
-16	97	90	83	76	69	62	55	48	41	34	27	20	13	6	-1	-8	-15
-17	96	89	82	75	68	61	54	47	40	33	26	19	12	5	-2	-9	-16
-18	95	88	81	74	67	60	53	46	39	32	25	18	11	4	-3	-10	-17
-19	94	87	80	73	66	59	52	45	38	31	24	17	10	3	-4	-11	-18
-20	93	86	79	72	65	58	51	44	37	30	23	16	9	2	-5	-12	-19
-21	92	85	78	71	64	57	50	43	36	29	22	15	8	1	-6	-13	-20
-22	91	84	77	70	63	56	49	42	35	28	21	14	7	0	-7	-14	-21
-23	90	83	76	69	62	55	48	41	34	27	20	13	6	-1	-8	-15	-22
-24	89	82	75	68	61	54	47	40	33	26	19	12	5	-2	-9	-16	-23
-25	88	81	74	67	60	53	46	39	32	25	18	11	4	-3	-10	-17	-24
-26	87	80	73	66	59	52	45	38	31	24	17	10	3	-4	-11	-18	-25
-27	86	79	72	65	58	51	44	37	30	23	16	9	2	-5	-12	-19	-26
-28	85	78	71	64	57	50	43	36	29	22	15	8	1	-6	-13	-20	-27
-29	84	77	70	63	56	49	42	35	28	21	14	7	0	-7	-14	-21	-28
-30	83	76	69	62	55	48	41	34	27	20	13	6	-1	-8	-15	-22	-29
-31	82	75	68	61	54	47	40	33	26	19	12	5	-2	-9	-16	-23	-30
-32	81	74	67	60	53	46	39	32	25	18	11	4	-3	-10	-17	-24	-31
-33	80	73	66	59	52	45	38	31	24	17	10	3	-4	-11	-18	-25	-32
-34	79	72	65	58	51	44	37	30	23	16	9	2	-5	-12	-19	-26	-33
-35	78	71	64	57	50	43	36	29	22	15	8	1	-6	-13	-20	-27	-34
-36	77	70	63	56	49	42	35	28	21	14	7	0	-7	-14	-21	-28	-35
-37	76	69	62	55	48	41	34	27	20	13	6	-1	-8	-15	-22	-29	-36
-38	75	68	61	54	47	40	33	26	19	12	5	-2	-9	-16	-23	-30	-37
-39	74	67	60	53	46	39	32	25	18	11	4	-3	-10	-17	-24	-31	-38
-40	73	66	59	52	45	38	31	24	17	10	3	-4	-11	-18	-25	-32	-39
-41	72	65	58	51	44	37	30	23	16	9	2	-5	-12	-19	-26	-33	-40
-42	71	64	57	50	43	36	29	22	15	8	1	-6	-13	-20	-27	-34	-41
-43	70	63	56	49	42	35	28	21	14	7	0	-7	-14	-21	-28	-35	-42
-44	69	62	55	48	41	34	27	20	13	6	-1	-8	-15	-22	-29	-36	-43
-45	68	61	54	47	40	33	26	19	12	5	-2	-9	-16	-23	-30	-37	-44
-46	67	60	53	46	39	32	25	18	11	4	-3	-10	-17	-24	-31	-38	-45
-47	66	59	52	45	38	31	24	17	10	3	-4	-11	-18	-25	-32	-39	-46
-48	65	58	51	44	37	30	23	16	9	2	-5	-12	-19	-26	-33	-40	-47
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-50	63	56	49	42	35	28	21	14	7	0	-7	-14	-21	-28	-35	-42	-49
-51	62	55	48	41	34	27	20	13	6	-1	-8	-15	-22	-29	-36	-43	-50
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-54	59	52	45	38	31	24	17	10	3	-4	-11	-18	-25	-32	-39	-46	-53
-55	58	51	44	37	30	23	16	9	2	-5	-12	-19	-26	-33	-40	-47	-54
-56	57	50	43	36	29	22	15	8	1	-6	-13	-20	-27	-34	-41	-48	-55
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-58	55	48	41	34	27	20	13	6	-1	-8	-15	-22	-29	-36	-43	-50	-57
-59	54	47	40	33	26	19	12	5	-2	-9	-16	-23	-30	-37	-44	-51	-58
-60	53	46	39	32	25	18	11	4	-3	-10	-17	-24	-31	-38	-45	-52	-59
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-62	51	44	37	30	23	16	9	2	-5	-12	-19	-26	-33	-40	-47	-54	-61
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-64	49	42	35	28	21	14	7	0	-7	-14	-21	-28	-35	-42	-49	-56	-63
-65	48	41	34	27	20	13	6	-1	-8	-15	-22	-29	-36	-43	-50	-57	-64
-66	47	40	33	26	19	12	5	-2	-9	-16	-23	-30	-37	-44	-51	-58	-65
-67	46	39	32	25	18	11	4	-3	-10	-17	-24	-31	-38	-45	-52	-59	-66
-68	45	38	31	24	17	10	3	-4	-11	-18	-25	-32	-39	-46	-53	-60	-67
-69	44	37	30	23	16	9	2	-5	-12	-19	-26	-33	-40	-47	-54	-61	-68
-70	43	36	29	22	15	8	1	-6	-13	-20	-27	-34	-41	-48	-55	-62	-69
-71	42	35	28	21	14	7	0	-7	-14	-21	-28	-35	-42	-49	-56	-63	-70
-72	41	34	27	20	13	6	-1	-8	-15	-22	-29	-36	-43	-50	-57	-64	-71
-73	40	33	26	19	12	5	-2	-9	-16	-23	-30	-37	-44	-51	-58	-65	-72
-74	39	32	25	18	11	4	-3	-10	-17	-24	-31	-38	-45	-52	-59	-66	-73
-75	38	31	24	17	10	3	-4	-11	-18	-25	-32	-39	-46	-53	-60	-67	-74
-76	37	30	23	16	9	2	-5	-12	-19	-26	-33	-40	-47	-54	-61	-68	-75
-77	36	29	22	15	8	1	-6	-13	-20	-27	-34	-41	-48	-55	-62	-69	-76
-78	35	28	21	14	7	0	-7	-14	-21	-28	-35	-42	-49	-56	-63	-70	-77
-79	34	27	20	13	6	-1	-8	-15	-22	-29	-36	-43	-50	-57	-64	-71	-78
-80	33	26	19	12	5	-2	-9	-16	-23	-30	-37	-44	-51	-58	-65	-72	-79
-81	32	25	18	11	4	-3	-10	-17	-24	-31	-38	-45	-52	-59	-66	-73	-80
-82	31	24	17	10	3	-4	-11	-18	-25	-32	-39	-46	-53	-60	-67	-74	-81
-83	30	23	16	9	2	-5	-12	-19	-26	-33	-40	-47	-54	-61	-68	-75	-82
-84	29	22	15	8	1	-6	-13	-20	-27	-34	-41	-48	-55	-62	-69	-76	-83
-85	28	21	14	7	0	-7	-14	-21	-28	-35	-42	-49	-56	-63	-70	-77	-84
-86	27	20	13	6	-1	-8	-15	-22	-29	-36	-43	-50	-57	-64	-71	-78	-85
-87	26	19	12	5	-2	-9	-16	-23	-30	-37	-44	-51	-58	-65	-72	-79	-86
-88	25	18	11	4	-3	-10	-17	-24	-31	-38	-45	-52	-59	-66	-73	-80	-87
-89	24	17	10	3	-4	-11	-18	-25	-32	-39	-46	-53	-60	-67	-74	-81	-88
-90	23	16	9	2	-5	-12	-19	-26	-33	-40	-47	-54	-61	-68	-75	-82	-89
-91	22	15	8	1	-6	-13	-20	-27	-34	-41	-48	-55	-62	-69	-76	-83	-90
-92	21	14	7	0	-7	-14	-21	-28	-35	-42	-49	-56	-63	-70	-77	-84	-91
-93																	

Cap	400	400	34
Makrela	178	178	16

70	120	116	37	159	13
71	119	115	37	158	12
72	87	86	26	91	104
73	87	86	26	91	104
74	667	270	0	3983	57
75	370	176	0	2066	31
76	370	176	0	2066	31
77	113	108	5	1875	138
78	113	108	5	1875	138
79	200	221	21	83	2445
80	200	221	21	83	2445
81	88	86	2	85	1068
82	88	86	2	85	1068
83	100	100	0	100	100
84	100	100	0	100	100
85	100	100	0	100	100
86	100	100	0	100	100
87	100	100	0	100	100
88	100	100	0	100	100
89	100	100	0	100	100
90	100	100	0	100	100
91	100	100	0	100	100
92	100	100	0	100	100
93	100	100	0	100	100
94	100	100	0	100	100
95	100	100	0	100	100
96	100	100	0	100	100
97	100	100	0	100	100
98	100	100	0	100	100
99	100	100	0	100	100
100	100	100	0	100	100

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2006	2005	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	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LONDON SHARE SERVICE

0000-0001-9786-400X

OIL & GAS - CONT.	Company	Price	High	Low	Open	Close	Volume	Notes	Company	Price	High	Low	Open	Close	Volume	Notes	
Amoco	11.10	11.10	11.10	11.10	11.10	11.10	100		Exxon	11.10	11.10	11.10	11.10	11.10	100		
BP	11.10	11.10	11.10	11.10	11.10	11.10	100		Shell	11.10	11.10	11.10	11.10	11.10	100		
Conoco	11.10	11.10	11.10	11.10	11.10	11.10	100		Texaco	11.10	11.10	11.10	11.10	11.10	100		
Enbridge	11.10	11.10	11.10	11.10	11.10	11.10	100		Unocal	11.10	11.10	11.10	11.10	11.10	100		
Marathon	11.10	11.10	11.10	11.10	11.10	11.10	100		Valero	11.10	11.10	11.10	11.10	11.10	100		
Occidental	11.10	11.10	11.10	11.10	11.10	11.10	100		Worthington	11.10	11.10	11.10	11.10	11.10	100		
Phillips	11.10	11.10	11.10	11.10	11.10	11.10	100		Yukon	11.10	11.10	11.10	11.10	11.10	100		
Refiners	11.10	11.10	11.10	11.10	11.10	11.10	100										
Standard	11.10	11.10	11.10	11.10	11.10	11.10	100										
Union	11.10	11.10	11.10	11.10	11.10	11.10	100										
Worthington	11.10	11.10	11.10	11.10	11.10	11.10	100										
Yukon	11.10	11.10	11.10	11.10	11.10	11.10	100										
METALS & METAL FORMING										Company	Price	High	Low	Open	Close	Volume	Notes
Aluminum	11.10	11.10	11.10	11.10	11.10	11.10	100		Copper	11.10	11.10	11.10	11.10	11.10	100		
Steel	11.10	11.10	11.10	11.10	11.10	11.10	100		Zinc	11.10	11.10	11.10	11.10	11.10	100		
Lead	11.10	11.10	11.10	11.10	11.10	11.10	100		Nickel	11.10	11.10	11.10	11.10	11.10	100		
Gold	11.10	11.10	11.10	11.10	11.10	11.10	100		Platinum	11.10	11.10	11.10	11.10	11.10	100		
Silver	11.10	11.10	11.10	11.10	11.10	11.10	100		Palladium	11.10	11.10	11.10	11.10	11.10	100		
Iron	11.10	11.10	11.10	11.10	11.10	11.10	100		Uranium	11.10	11.10	11.10	11.10	11.10	100		
Aluminum	11.10	11.10	11.10	11.10	11.10	11.10	100										
Steel	11.10	11.10	11.10	11.10	11.10	11.10	100										
Lead	11.10	11.10	11.10	11.10	11.10	11.10	100										
Gold	11.10	11.10	11.10	11.10	11.10	11.10	100										
Silver	11.10	11.10	11.10	11.10	11.10	11.10	100										
Iron	11.10	11.10	11.10	11.10	11.10	11.10	100										
PROPERTY										Company	Price	High	Low	Open	Close	Volume	Notes
Real Estate	11.10	11.10	11.10	11.10	11.10	11.10	100		Commercial	11.10	11.10	11.10	11.10	11.10	100		
Industrial	11.10	11.10	11.10	11.10	11.10	11.10	100		Residential	11.10	11.10	11.10	11.10	11.10	100		
Office	11.10	11.10	11.10	11.10	11.10	11.10	100		Warehouse	11.10	11.10	11.10	11.10	11.10	100		
Retail	11.10	11.10	11.10	11.10	11.10	11.10	100		Manufacturing	11.10	11.10	11.10	11.10	11.10	100		
Healthcare	11.10	11.10	11.10	11.10	11.10	11.10	100		Education	11.10	11.10	11.10	11.10	11.10	100		
Government	11.10	11.10	11.10	11.10	11.10	11.10	100		Non-Profit	11.10	11.10	11.10	11.10	11.10	100		
Real Estate	11.10	11.10	11.10	11.10	11.10	11.10	100										
Industrial	11.10	11.10	11.10	11.10	11.10	11.10	100										
Office	11.10	11.10	11.10	11.10	11.10	11.10	100										
Retail	11.10	11.10	11.10	11.10	11.10	11.10	100										
Healthcare	11.10	11.10	11.10	11.10	11.10	11.10	100										
Government	11.10	11.10	11.10	11.10	11.10	11.10	100										
TRANSPORT										Company	Price	High	Low	Open	Close	Volume	Notes
Air Freight	11.10	11.10	11.10	11.10	11.10	11.10	100		Sea Freight	11.10	11.10	11.10	11.10	11.10	100		
Railroad	11.10	11.10	11.10	11.10	11.10	11.10	100		Trucking	11.10	11.10	11.10	11.10	11.10	100		
Shipping	11.10	11.10	11.10	11.10	11.10	11.10	100		Logistics	11.10	11.10	11.10	11.10	11.10	100		
Aviation	11.10	11.10	11.10	11.10	11.10	11.10	100		Maritime	11.10	11.10	11.10	11.10	11.10	100		
Aviation	11.10	11.10	11.10	11.10	11.10	11.10	100										
Aviation	11.10	11.10	11.10	11.10	11.10	11.10	100										
Aviation	11.10	11.10	11.10	11.10	11.10	11.10	100										
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Aviation	11.10	11.10	11.10	11.10	11.10	11.10	100										
Aviation	11.10	11.10	11.10	11.10	11.10	11.10	100										
Aviation	11.10	11.10	11.10	11.10	11.10	11.10	100										
Aviation	11.10	11.10	11.10	11.10	11.10	11.10	100		</								

Weekend FT

SECTION II

Weekend June 26/June 27 1993

Calling Dr Dalek — your patient is waiting

Clive Cookson reports on a revolution in surgery where robots are taking an increased role in the operating theatre

YOU ARE about to have the anaesthetic before an operation to remove a brain tumour. Would you feel happier knowing that the most delicate part of the procedure was to be carried out by the gently trembling hand of the world's most skilful surgeon — or by a rock-steady robot? That question will soon be more than a fantasy because surgery is in the early stages of a technical revolution. The first step has been the spread of "keyhole" operations over the past few years. Instead of cutting open the patient, the surgeon uses instruments guided by telescope through tiny incisions. Soon, it will be possible to work by remote control on patients thousands of miles away, using a combination of telecommunications and virtual reality.

The most striking sign of change, though, is the way surgeons are starting to welcome robotic assistants into their operating theatres. Within the past few months, robots have helped to carry out hip replacements in California, prostate operations in London and brain surgery in Grenoble, France. Later this year, gall bladder removal, hernia repair and a variety of other abdominal operations will be added to the list of robotic accomplishments. Despite this, even the most enthusiastic surgeons say it is likely to be several years before they would consider leaving a robot to operate on its own.

The late Hap Paul, chief inventor of California's Robodoc, cautioned: "We have to move very slowly and carefully because one false move by a surgical robot — and this whole technology is set back by many

years." Robodoc is the world's largest and best-financed project in medical robotics. Since November, 10 patients at Sutter general hospital in Sacramento have had hip replacements with the aid of Robodoc, a 250 lb automaton programmed to carve the cavity for an implant in the thigh bone.

Although Paul died two months ago (at only 44), Integrated Surgical Systems, the company he founded with financial and scientific backing from IBM, is forging ahead. It is waiting for approval from the Food and Drug Administration to carry out a clinical trial of Robodoc with 300 patients in three US hospitals.

Why should a patient trust a robotic tool rather than the skilled hands of a human specialist? The most important reason is that an electronic arm is capable of precision well beyond that of the steady and best-trained surgeon. ISS hopes to prove this through its trial, in which patients will be allocated at random into one group treated by Robodoc and another receiving conventional hip replacements.

Surgical robots promise more than improvements in existing procedures, says Patrick Finlay, managing director of Armstrong Projects, a fledgling UK medical robotics company based at Beaconsfield near London. "The reduced collateral damage and greater precision of the robot will make it possible to do operations that would otherwise be too risky to contemplate. For example, a tumour very close to the optic nerve can be tackled without making the patient blind."

Several different types of surgical robot are under development around the world. Robodoc is an

"active" robot that actually cuts human tissue. "Orthopaedic work is an attractive application because the robot is working on hard tissue that doesn't move if you prod it," notes Brian Davies, an engineer specialising in medical robotics at Imperial College, London.

Most operations, however, involve cutting soft tissues — a task that is more delicate than carving bone. So far, only "passive" robots have been used for this type of surgery. They may move instruments inside the patient, under the surgeon's direction, but they do not yet wield a scalpel or laser beam.

An example is Laparobot, which Armstrong Projects is developing with Mark Ornstein, a surgeon at the London Clinic. Laparobot will give someone carrying out keyhole surgery the impression of "walking around" inside the patient's body using tele-presence techniques. A keyhole surgeon views the operating site with a miniature video camera at the end of a thin optical tube, inserted into the body through a puncture hole (typically, in the tummy button). This instrument, called a laparoscope, projects the scene on to a TV screen above the patient.

Normally, an assistant has to hold the laparoscope and move it when the surgeon needs a different view. But Laparobot itself senses the position of the surgeon's head

and moves the image accordingly. If the surgeon pushes a foot button and moves his head to the left, the robot will change the view inside the patient's body. For this year's initial trials at the London Clinic, Laparobot will work with an existing TV monitor — but the next stage will be for the surgeon to wear a helmet-mounted display which will give the impression of being immersed in the operating environment. As he looks around, the scene will change as though he were actually inside the abdominal cavity.

Further in the future lies the prospect of linking the surgeon's finger movements to the control of micro-instruments within the body. "Laparobot will make the surgery more efficient, less stressful for the surgeon, faster and more accurate, and with less risk of damage

to the patient," says Ornstein. Armstrong is also working with Professor David Thomas, of London's National Hospital for Neurology, to develop Neurobot, a system for carrying out brain surgery. By the end of this year, they hope to have demonstrated an "image-guided robot" that will help the surgeon position his instruments at the correct point in the brain to perform the operation. The next stage will be for Neurobot itself to insert the instruments.

A surgical robot is given as much prior information as possible about relevant parts of the patient's body — usually, from a CT or MRI scan. Its computer converts this into a digital model of the patient. Although the surgeon works out in advance the path of the operation, based on the computer model, the

system must be flexible enough to respond to unexpected events.

Neurobot, for example, will have a sensor inside the patient's head. If it detects the presence of an unexpected blood vessel, it will prompt the surgeon for advice. Its software might propose a modified route, taking the new information into account, but the robot will not go ahead until the surgeon has signalled his approval.

Finlay says a good indicator of progress in surgical robotics will be the increasing amount of freedom given to the robot. "Although the surgeon will never cease to participate, it is realistic to envisage a situation similar to the relationship between an airline captain and his autopilot, in which the human provides a supervisory and monitoring role and is available to take over

the critical manoeuvres," he says. The consultant need not be in the operating theatre with the patient. In tele-surgery projects under way in the US and France, an experienced surgeon uses a video link to supervise a junior doctor in a hospital hundreds of miles away. The surgeon could equally well supervise a distant robot, although local medical and nursing staff would still have to be present in case the system crashed.

Everyone involved in medical robotics is obsessed with safety. Yet, as Davies points out, there are no agreed safety standards for robots operating on people, whereas regulations require industrial robots to work in metal cages. (The fact that two workers in Japan have been killed by factory robots going out of control shows the need for such rules.)

"There are two views on safety," says Davies. "One is that it's acceptable to start out with an industrial robot provided you put in a top-level software system to bring the thing to a halt in the event of some failure. But, in my view, that's not safe enough. I think you need to re-develop the robot from the basic servo level upwards, building in safety at every level."

That means giving the surgical robot the equivalent of a metal cage, with duplicated software and hardware constraints to prevent it moving beyond pre-defined limits. And it must move slowly enough for the supervising surgeon's hand to hit the stop button in time to avoid damage if all the safety systems fail. Demonstrating safety is not enough, though. Growing concerns about the financial costs of medical care are forcing both public health authorities and private hospitals to demand evidence that new technology will deliver benefits that outweigh its expense.

Drugs have long had to justify their effectiveness in large-scale clinical trials but, until now, new surgical procedures and medical equipment have been introduced with remarkably little systematic assessment. A report on medical research earlier this year by the UK government's Advisory Council on Science and Technology (Acost) pointed out: "With the exception of pharmaceuticals, demands for evaluation have been questioned because it 'stands to reason' that the new techniques will be 'better'."

Peter Doyle, research director of ICI and chairman of Acost's medical research committee, gives keyhole surgery as an example of a procedure that has been introduced "haphazardly" without proper evaluation. The report says the National Health Service should require all new medical devices to be assessed under controlled conditions, and their cost effectiveness measured.

Miles Irving, professor of surgery at Manchester University's Hope Hospital, says that such assessment is all the more necessary "because surgeons face strong consumer pressure to introduce new pro-

Continued on page X

The Long View/Barry Riley

Old Lady or Aunt Sally?



AS ROBIN Leigh-Pemberton retires to his Kent estate after 10 years at the Bank of England, he can reflect with satisfaction on the enhanced status of his institution. The BCCI scandal seems to have been brushed aside, and a real discussion is going on about whether the Bank should be granted independent control over monetary policy.

Perhaps in future the governor will no longer be a remote City of London grandee, making speeches carefully overlaid with impenetrable waffle and stripped by the Treasury of all controversy, but will acquire a clear, anti-inflationary mission for which he is directly answerable to parliament.

How things have changed in 10 years. Leigh-Pemberton's predecessor, Gordon Richardson, carried greater clout as a central banker but independence was not on the agenda. Of course, this may only reflect the difference between Margaret Thatcher and John Major. In any case, the swing of the pendulum back to the Bank simply reflects the fact that the Treasury has become such a disaster area. In the mid-1980s, the Bank was regarded with contempt by Whitehall, not least because of regulatory upsets such as Johnson Matthey Bankers. Now, the Treasury is licking its own wounds.

But the news from Frankfurt, home of that doyen of independent central banks, the Bundesbank, is discouraging. Making only tiny concessions on interest rates this week, the Bundesbank continues to slug out a grim battle with the free-spending federal government amid the wreckage of the German economy. The Law of Miseducation bill states that economic conservatism reaches their greatest level of trouble, just when they are about to hit trouble. Countries like the UK, Spain, Sweden and Portugal flocked to join or track the European exchange rate mechanism just when it was starting to choke on its own internal contradictions and

newly-acquired rigidity. So it appears to be with the idea of central bank independence. There is an intoxicating appeal in an off-the-shelf formula that might solve deep-rooted problems. The ERM seemed so attractive to the British government three years ago because it would permit cuts in interest rates ahead of the next election while exerting a magic spell over the British economy, encouraging adjustment to a low inflation rate. Now, the Bank of England may be offered the tarnished magic wand.

One argument is that the government will be forced to follow non-inflationary policies because of the influence of the Bank: interest rate cuts will not be possible ahead of an election, for instance. But it is also possible that, for a while, the government will be able to follow more dangerous fiscal policies because of the financial markets' exaggerated faith in the central banks' powers. At least, this is how it has been working out in Germany recently, although the magic is dissipating and French franc interest rates are slipping below those of the D-Mark.

In fact, any anti-inflationary strategy requires more than money market manipulation — it needs a degree of consensus throughout society. Sometimes, inflation is the best solution, and it would be dangerous to block it. In a low inflation environment, prices must be flexible downwards as well as upwards and, if they are not, disaster may ensue: inflexible wages have led to massive unemployment in the UK, and excessive mortgage borrowing has led to ruin for more than 1m home owners, not to mention serious losses for financial institutions. Nigel Lawson tried to manage the British economy on the basis of interest rates alone, and the Bank of England would be unwise to emulate him.

Actually, Leigh-Pemberton's anti-inflationary record is not that bad, judged by the standards of several predecessors. He took over in July 1983 when headline inflation happened to be an erratically low 3.5 per cent, and it has

averaged 5.2 per cent a year since. Perhaps that is an undervalued low figure when broad money growth has averaged an extraordinary 12.5 per cent annually with M4 more than tripling within the decade; the Bundesbank would have been appalled.

Certainly, there has been no swindling of savers under Leigh-Pemberton. Short-term depositors have done well, perhaps too well, with money market returns averaging 11.1 per cent before tax and holders of gilt-edged enjoying average returns of 11.8 per cent, nearly twice the rate of inflation. That was not especially expensive for the government given that the total net public sector borrowing requirement for the decade was only £54bn, scarcely more than Kenneth Clarke will be borrowing in 1993-94 alone. Since mid-1983, net public sector indebtedness has shrunk from 45 to 30 per cent of GDP. How different the trend will be in the rest of the 1990s.

Now, however, Eddie George will have to preside over a period in which real interest rates are likely to decline and in which a still-bloated banking system will be forced to shrink. This will surely test the Bank's sense of priorities. Already, it is troubled by conflicting objectives. The BCCI affair suggested that its concerns with polishing the City of London's image clashed with its responsibilities for protecting depositors; and, in the end, the ERM strategy threatened to undermine the solvency of the banking industry.

Attitudes may have to change. This week, the new deputy governor, Rupert Pennant-Rea, remarked on what he had learned in two months at the Bank about traditional central bankerly behaviour. He discovered that if his son were to ask him what 5x12 made, his reply should be: "It all depends."

"Obfuscation," he added, "is altogether too precise a term for what central bankers do." But a good oenoliner will wear very thin if the Bank of England accepts new responsibilities without understanding how to handle the higher political profile which will accompany them. The Old Lady may yet turn into an Aunt Sally.

WHAT TO DO WHEN INTEREST RATES LOSE THEIR INTEREST

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MARKETS

London

And one final thing, Eddie...

(as dictated to Maggie Urry)

Internal Memorandum
From: the Governor
To: the Governor-elect

Dear Eddie,

I thought I would just jot down a few notes to help you with the handover this week. I wouldn't want all my good work over the past 10 years to be wasted because you couldn't unlock the filing cabinet.

Inflation
Getting inflation down has been my top priority since I first sat at this desk on July 1 1983. Although I say it myself, I have done rather well, though those politicians keep trying to take the credit. Perhaps that is an argument for an independent central bank.

Now, don't you go messing it up. Promising to take a pay freeze yourself was a good wheeze - and an incentive to keep the screws on - and keeping the Jsg rather than taking the new Ruler was another, although your successor might not like the precedent.

Above all else, don't let base rates come down too soon. You

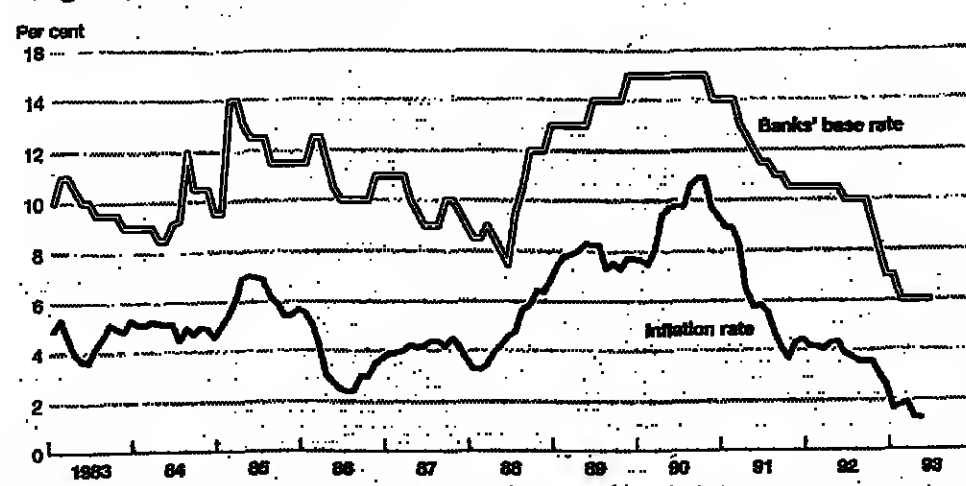
saw how the stock market got worked up on Monday at the thought of a rate cut - up 24 points on the day and through 2,900 again.

One good thing about Lamont's resignation speech: he blew the whistle on political interest rate cuts, so you ought to be able to fend off Downing Street for a while. Clarke was sounding a bit more reasonable in that interview, but don't trust 'em is my advice.

Currencies
Afraid I'm handing over to you at a rather busy time, with the European currencies all over the place. That bust-up between our friends in Germany and France has really stirred things up. My advice is to keep your head down and let them fight it out. And if sterling appreciates a bit against the D-Mark, never mind - it will all help on the inflation front.

The economy
Some better news on this one. I am really quite optimistic that the recovery is getting going. Those first-quarter GDP

Leigh-Pemberton's record



figures on Tuesday, showing an upward revision from the provisional number to +0.9 per cent (excluding oil and gas), are encouraging. My main concern is that recession in Europe could drag our economy back down again later in the year. But exports have been doing rather well. So, you can use that as further evidence that an interest rate cut isn't necessary.

The Budget deficit
I wouldn't presume to give you any advice about funding, after all, you've been telling me how to do it for years. Seems to me it's going pretty well so far this year, with another auction coming up on Wednesday, despite the size of the deficit. Of course, there's BT3 as well. And after Warburg's success with the Zeneca rights issue this week - 88 per cent take-up, not bad - it ought to get away.

But whenever you're talking to the politicians, do remind them that funding is one thing but the real solution is to cut the deficit. We just can't go on living beyond our means like this. Clarke's hints that taxes could go up aren't enough in my view. They've really got to cut benefits - so long as the current generation of pensioners is protected.

Corporate sector
Company finances are better than they have been for years. Borrowing is at a five-year low, according to the statistics put out this week; and, with a bit of luck, the corporate sector should move into a cash-flow surplus this year. But mind your eye, is my advice. There are still a lot of difficult situations around with heavily-borrowed companies - the ones that were in too much of a mess to have rights issues. We should know whether Gerald Ronson's Heston outfit has got its creditors on-side this week, but you might still have to do a bit of nudging on that one.

That Spring Ram episode was a bit nasty, too, and it's not as though it is the only company recently to issue two profit warnings in as many months. I sometimes wonder if these companies have any idea what's going on in their businesses. How different from life at the Bank.

Another potential problem that needs to be headed off is how companies are going to finance the recovery once it gets moving. The banks have suffered so badly in the recession that they can't lend too much risk capital. You need to find a way to let their profits recover - let lending margins widen somewhat - but this is a really tricky one, politically.

I'm sure you understand my concern as a former, and perhaps future, clearing banker. The stock market

I fear that the market is getting a bit frothy, although it had settled down again by the end of the week. Some of the brokers have been pushing up their forecasts for the Footsie at the year-end on the hopes of faster earnings growth than they had thought. I'd feel a bit easier if they would wait for some firmer evidence first.

The stock exchange
You need to keep a watchful eye on the chaps at the Tower, too. Everything's been going wrong lately, what with the Taurus mess and all. They seem to be getting a bit lax about company announcements, as well. Did you notice the way shares in Rothmans and Dunhill jumped on Tuesday when their controlling shareholder, Richmond, said it was going to re-organise the businesses? The exchange really should have made sure that announcement came out after the market closed, or else suspended the shares first. The EBRD

Oh dear, Jacques Attali's resignation throws that up in the air - and after all the trouble we took to make sure the blessed bank came to London. Try to use your influence to get a sensible replacement.

Well, that's about everything I think. I've left the keys in the top right-hand drawer. Remember, if you can stick it out without too many disasters, you collect the peerage at the end. And, as the man said, don't let the b****s get you down.

Hope to see you down at Dungenlvin sometime.

ROBIN

Serious Money

Tracking down the right investment

By Philip Coggan, personal finance editor

SELECTING THE right equity fund from the myriad options available is a tricky process. However hard you scrutinise the past performance, there is no guarantee that funds at the top of the charts will continue to do well.

The sad fact is that the majority of funds fail to outperform the market index. The odds are thus stacked against you and in favour of under-performance.

Hence the emergence of index-tracking funds. These do not attempt to select shares by the old analytical standbys. They simply try to match the index's performance, normally by selecting stocks which have tracked it in the past.

Once set up, the costs of running an index fund ought to be lower than on a conventional fund. Even so, there are inevitably some costs and these prevent the funds from exactly matching the index's performance. Nevertheless, the UK funds have performed well and in general have above average performances for their sectors. The overseas tracking funds have not done so well, particularly in Japan.

Conventional fund managers argue that they can still beat the index, and it may well be that if the market moves sideways for the next year or so, the emphasis will be on stock picking. Small companies may well be set to outperform over the next year or so, which may help active managers.

Nevertheless, indexed funds may well be a good core holding for first-time investors over the longer term. Here follows details of the main unit trusts in the area: there is also a small number of tracker investment trusts - Venturi, Malvern and two Hoare Govett small company funds. (All figures are from Finstat and cover the longest period available to June 1. Growth is offered-to-bid with income reinvested, except where stated. Details are also given of the

minimum investment, charges and sector position.)

■ **UK:** Garmore's UK Index fund follows the All-Share. It has grown 29.9 per cent over three years, placing it 9th out of 95 funds. Minimum 25,000; charges nil initially, 0.5 per cent annually.

Govett has a large number of futures and options funds, including ones based on the FT-SE 100 and others tracking European and US indices. It also has a conventional unit trust based on the new FT Mid-250 Index. This is up 40.5 pc (offer-to-offer) over nine months, placing it 9th out of 105 funds over that period. Minimum investment is £3,000; charges are nil initially and 1 pc annual.

James Capel's UK Index fund follows the All-Share. It has grown 26.5 pc over three years, placing it 21st out of 95 funds. Minimum £1,000; charges are 5.25 pc initial and 0.5 pc annual. Capel also has a Footsie fund which tracks the FT-SE 100 index. It is up 4 pc (offer-to-offer) in six months, putting it 104th out of 105. Minimum £1,000; charges 4.175 pc initial and 1 pc annual.

The Trixie fund also from James Capel, covers companies in the smallest 12 pc of the All-Share. It has risen 0.7 pc over a year, placing it 53rd out of 67 funds in the smaller companies sector. Minimum £1,000; charges 5.25 pc initial, 1 pc annual.

The Midland FT-SE 100 fund is up 1.1 pc (offer-to-offer) over 3 months placing it 88th out of 110. Minimum £1,000; charges 6 pc initial, 1.5 pc annual.

The Morgan Grenfell UK Equity Index tracker follows the All-Share. It has grown 24.8 pc over three years, placing it 33rd out of 95. Minimum £1,000; charges 5 pc initial and 0.75 pc annual. Morgan Grenfell UK Index Tracking follows the All-Share and has grown 26.7 pc over three years, placing it 20th out of 95. Minimum £5,000; charges 6 pc initial, 0.2 pc annual. Providence Capital All-Share

Mirror has grown 3.8 pc over a year, placing it 40th out of 104 funds over that period. Minimum £500; charges 2.04 pc initial and 0.5 pc annual. Royal Life's UK Index Tracking Trust follows the All-Share. The fund has risen 26.3 pc over three years, placing it 22nd out of 95 funds. Minimum is a hefty £25,000; charges 5.25 pc initial and 0.3 pc annual.

Swiss Life's UK Index Tracker fund follows the All-Share. It has risen 31.3 pc over three years, placing it 8th out of 95 funds. Minimum is 500 units (currently around 2,900); charges 6 pc initial and 0.5 pc annual.

■ **US:** James Capel's American Index Fund follows the S&P 500. The fund has grown 30.5 pc over three years, placing it 74th out of 113 funds over that period. Minimum £1,000; charges 5.25 pc initial and 1 pc annual.

Legal & General's US Index fund follows the FT-A World Index (US). It has risen 1 pc (offer-to-offer) over the six months to June 1, placing it 96th out of 127 funds. Minimum £1,000; charges 5 pc initial, 0.75 pc annual.

The Morgan Grenfell US Equity Index Tracker follows the S&P 500. It has grown 32.6 pc over the three years to June 1, placing it 67th out of 113 funds. Minimum £1,000; charges 5 pc initial and 0.75 pc annual.

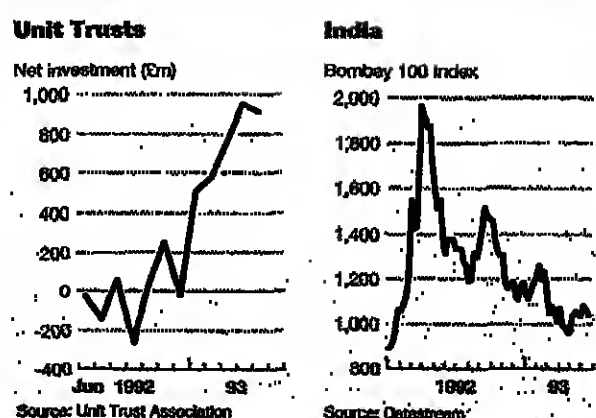
■ **Japan:** All the trusts in this market follow the FT-A World Japan Index. James Capel's Japan Index has risen 1.6 pc over the three years to June 1, placing it 50th out of 78 funds. Minimum £1,000; charges 5.25 pc initial and 0.5 pc annual.

Legal & General's Japan Index tracker trust is up 1.5 pc over three years, and is 51st out of 78. Minimum £1,000; charges 5 pc initial, 0.75 pc annual. Morgan Grenfell's Japan Tracker trust has fallen 2.7 pc over three years and is 60th out of 78. Minimum £1,000; charges 5 pc initial and 0.75 pc annual.

HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	2887.5	+8.1	2957.3	2737.6	New trading range
FT-SE Mid 250 Index	3213.1	-2.7	3218.5	2876.3	Profit-taking in second-liners
Courts (Furnishers)	632	+114	632	374	Good figures
Devenish (IA)	368nd	+84½	372	261	Recommended bid from rival
Dunhill	363nd	+44	413	320	Reorganisation with Rothmans
Floors	181	+9½	251	147	Bid speculation/Trade optimism
Glaxo	566	-31¼	601	545	Broker downgrades
Greenstaf	354	-28	427	354	Bid for Devenish
Kwik Save	743	+30	853	710	Recovery from Footsie exclusion
Reuters	1390	+49	1438	1240	Dealing 2002 success
Rothmans B	692	+42	743	584½	Reorganisation
Royal Insurance	298	+12	319	248	Flemings "buy" note
Spring Ram	53	-13	145	46	Profits warning
Wagon Industrial	369	-48	468	366	Profits warning
Wellcome	697	-33	993	658	Broker downgrades

AT A GLANCE



Unit trusts funds continue to climb

Unit trusts continued to attract investors in May, as funds under management rose for the fourth month running to reach another record high of £73.8bn, up 22 per cent on May 1992. There were 4.5bn account holders, up 4 per cent on the year. Total net sales in May were £914m, up almost 300 per cent on May last year.

Interest in UK equity unit trusts by private investors has shown a particularly dramatic increase this year, according to figures from the Association of Unit Trusts and Investment Funds. Retail sales made directly to private investors or through intermediaries - of unit trusts invested in UK equities were £1,211m in the first five months of this year, compared with £140.7m in the same period of 1992.

Indian securities fund

Edinburgh-based fund manager Martin Currie is to link up with Indbank, an Indian merchant bank, to launch and manage jointly an offshore, open-ended fund invested in Indian securities.

American Express security quiz

American Express will be introducing an anti-fraud precaution on its credit cards later this year aimed at preventing the use of cards which are intercepted in the post.

Income distribution survey

Income distributions from income unit trusts have tended to be lower in the first half of this year, according to Income Fund Analysis. Of 119 funds which have paid at least one half yearly or two quarterly income distributions in 1993 so far, 68 paid less than the same time last year, 14 were unchanged, and 37 made higher payments.

Smaller companies crawl upwards

Smaller company shares continued their gradual upward trend this week. The Hoare Govett Smaller Companies Index (capital gains variant) climbed 0.3 per cent from 1461.03 to 1466.13 in the seven days to June 24.

THE STOCK markets are approaching the second quarter reporting season with trepidation.

This might seem odd, since most economists on Wall Street agree that economic growth between April and June will prove to have been healthier than during the previous three months, when gross domestic product grew by a miserly 0.7 per cent.

Yet, if recent profits warnings are to be believed, the (admittedly modest) improvement in underlying economic conditions during the second quarter will not have translated into a widespread improvement in corporate profitability.

Over the past two weeks companies representing a broad cross-section of business have announced that their second quarter profits will not match market expectations. Among the bigger names warning of poor earnings were Kmart, Nike, Reebok, American Airlines, USAir, Minnesota Mining & Manufacturing, Apple Computer and Chemical Waste Management. Investors are so jittery

about corporate earnings that even companies whose earnings are holding up have suffered at the hands of the edgy markets. This week Caterpillar stock dived briefly on reports that the company had indicated its overseas sales were weak. Caterpillar denied the reports. Earlier, similar rumours struck Hewlett-Packard shares, even though the computer group insisted it remained upbeat about its prospects.

While there has been a smattering of positive corporate news lately - Goodyear Tire & Rubber predicted on Thursday that its second quarter income would be better than analysts' forecasts - there has not been enough to rid the markets' nagging concern that the coming reporting season will prove a disappointment.

Recent economic reports have been equally discouraging. This week saw a big drop in May durable goods orders, unexpected weakness in mid-June car sales, the downward revision in first quarter GDP numbers, and a Federal Reserve survey (the "Beige Book") which reported only moderate economic growth

CHARTER Consolidated is free at last - although the UK industrial group needed more than one bound to achieve independence from Anglo American Corporation, the South African mining group.

Charter took the biggest step in February by selling its 38 per cent holding in Johnson Matthey, the world's biggest platinum marketing group, which is part of the Anglo American "family" of companies.

Jeff Herbert, Charter's chief executive, completed the process this week by announcing plans to buy out the 36 per cent stake in his company held by Minorco, Anglo American's Luxembourg-based investment company.

After receiving £342m for the Johnson Matthey stake and paying Minorco £236m for its own shares, Charter will be left with about £200m in net cash, borrowing facilities of £300m and the ability to issue its own paper. What will the group do with its new-found freedom, apart from dropping the "Consolidated" from Charter's title?

Herbert is keen to build by acquisition. He says there could be "one big hit" in the £500m range, but it seems much more likely that the group will make a series of smaller purchases in areas close to its present businesses. Charter's existing operations - rail and mining equipment, building products, quarrying and mining - reported an 11 per cent increase in operating profits in what the group described as "a very difficult year when many of our competitors struggled to stand still."

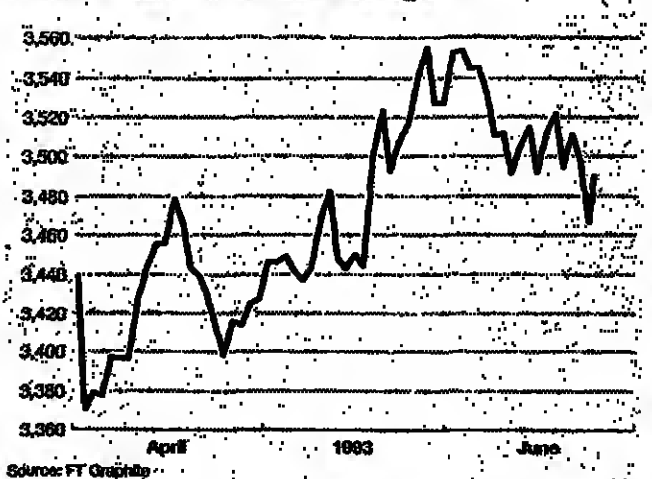
In spite of the depressed trading conditions Herbert is confident there are good buying opportunities "partly because of how we run our businesses, partly because some sectors are now moving ahead."

The group will favour UK-based companies with an inter-

Wall Street

Concerned consumers worry the brokers

Dow Jones Industrial Average



and forecast that business activity would probably slow. The news from the political arena was not particularly helpful, either. The Clinton tax-raising, expenditure-cutting, deficit-reducing economic package may have squeaked through the Senate on Thursday night, but investors were not necessarily overjoyed at the President's good fortune. While the bond markets like

earnings. If the economy and earnings fail to catch up with the optimistic expectations that have been built into share prices, then the markets will have to give back some of the gains earned earlier this year. Yet stocks have been holding their ground. At around 3,490, the Dow Jones Industrial Average is still within 70 points, or 2 per cent, of its all-time high, while the Standard & Poor's 500 index is also within a couple of percentage points of its record.

This resilience is primarily a reflection of continued huge flows of investor cash into equities (much of it via the booming mutual fund industry) and hopes that low interest rates will fuel the market, and the economy, for the rest of the year. These two factors are inextricably linked, because investors are shifting large amounts of money into stocks because low interest rates are destroying the returns they earn on short-term assets like money market funds and bank certificates of deposit. So long as rates remain low, that money will keep rolling into equities. And rates remain extremely

low. Earlier this year the yield on the 30-year government bond was above 7 per cent. This week, thanks to encouraging inflation data, the 30-year yield dropped to 6.72 per cent, close to its all-time low. Low interest rates, however, are not enough to sustain corporate America. Companies' borrowing costs may have been lightened because of the easing in credit conditions, but domestic demand has proved worryingly fickle.

Fearful of unemployment, unhappy about the prospect of higher taxes, and pessimistic over the economic outlook, consumers are retreating. This explains many of the recent profits warnings. Clothing sales have been poor at Kmart, too many Nike and Reebok sportshoes remain on the shelves, and seats are empty on American and USAir. People are not spending, and the markets are worried.

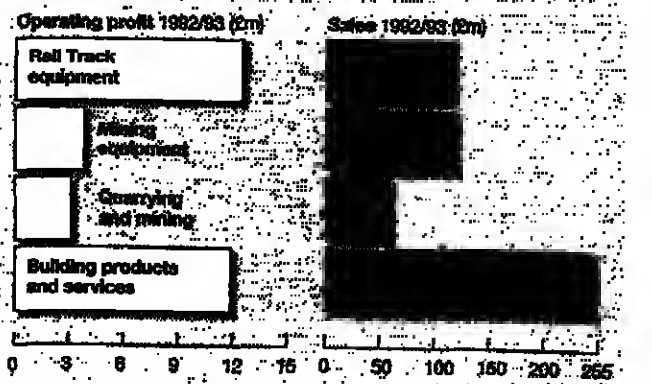
Patrick Harverton

Monday	3510.62	+ 16.06
Tuesday	3487.53	- 13.29
Wednesday	3488.81	- 30.72
Thursday	3480.81	+ 23.90
Friday		

The Bottom Line

Charter free to start spending

Charter's continuing operations



national spread of businesses. As a former director of GEC and Jaguar Rover Triumph, Herbert admits: "My natural background is making things." Charter would like to increase its exposure to Continental Europe, which currently accounts for only 15 per cent of

Hargreaves quarries operations in 1989. Herbert remains confident of being able to make earnings-enhancing acquisitions, even although the market as a whole is on a high rating. "Some prices are still unrealistic, but pain does tell. There are people out there who are really hurting."

It should be relatively easy for Charter to buy companies which offer a better return than cash in the bank, thus increasing group earnings. But unless a rising share price maintains Charter's rating, it will subsequently become more difficult for the group to issue paper without diluting earnings.

It is not easy to arrive at a fundamental valuation of the new-look Charter. Its shares are currently trading on a multiple of 17.5, a 20 per cent premium to the market that

reflects the amount of cash in the group. But analysts estimate that the group's underlying business should probably be on a prospective multiple of about 12.5, a 14 per cent discount.

Just how the shares perform is therefore likely to depend on both the speed and success of Charter's acquisition plans. The shares rose from 604p to 648p when the deal was announced on Wednesday, but fell back a little to close the week at 639p.

Analysts feel the existing operations are unlikely to sparkle, although the Cape building materials business did well to increase operating profits by 5 per cent and has considerable recovery potential.

Investing in the shares really comes down to backing the judgment of Herbert and his team. They are acknowledged as good managers and have some solid businesses, such as the Anderson mining equipment operation. Charter looks an interesting long-term bet for those attracted to less glamorous industrial stocks.

Andrew Bolger

Philip Coggan and Scheherazade Daneshkhu see some surprising falls from grace in the first-half of the year



Where will the winners come in the second half? Michael Beggs, who manages a recovery fund for Guinness Flight, argues that the first phase is over – a fair amount of recovery is built into share prices and one can no longer pick up stocks at bargain valuations. The next phase is to identify the companies which have done the hard work of reorganisation and restructuring and which will benefit from the economic recovery.

Worst performing All-Share stocks	
Company	% fall
Hartstone	-84.3
BM	-71.2
Simon Engineering	-63.5
Spring Ram	-57.1
Campani	-53.7
Delepak	-44.9
Herring Baker Harris	-44.5
Sims Food	-44.0
Anglo United	-43.3
Joyes	-39.8

Source: Datastream.

in. The super
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one of the best
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secutive years between 1989 and 1992 – their worst recorded run. The very factors that hurt them during the recession – their exposure to the UK economy, the lack of liquidity in

This sounds like good news for its shareholders until you real-

Smith New Court, one of London's leading marketmakers, which this week reported

There is less mystery behind

The next phase is to identify the companies which have done the hard work of reorganisation and restructuring and which will benefit from the economic recovery.

Sims Food	-44.0
Anglo United	-43.3
Jeyes	-39.8

Source: Delastream.

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FINANCE AND THE FAMILY

Good timing is the key for a flutter on BT3

Do-it-yourself investor Bernice Cohen provides her own handy guide for those thinking of putting money into the new issue

AS A committed DMI (do-it-yourself investor) relying on my own research to manage a share portfolio, I have learned by painful experience that correct timing is as important as good stock selection for achieving profits. So, like thousands of small investors weighing the merits of the BT3 share issue, I ask myself if this is the right time to put money into BT.

I use a mnemonic, "gains are fast," to search for small capitalisation growth stocks with big prospects. It also proved appropriate for Glaxo, the giant pharmaceutical company, during its outperformance from September 1990 to spring 1992.

Many press reports are covering the fundamental aspects of BT but "gains are fast" incorporates a belt and braces approach, considering both fundamental and technical

data. So, how does BT measure up to my criteria?

G - growth in earnings per share (EPS) should at least have doubled over the past five years. Astonishingly, for such a huge organisation, BT's EPS more than doubled (from 15.1p to 34p) between 1988 and 1991. Since then, recession and redundancy costs have marred this record, resulting in an EPS for 1992 of only 19.8p.

A - annual earnings per share growth should exceed 20 per cent. This year, a profits rebound of more than 46 per cent is forecast widely; accordingly, EPS should recover by more than 20 per cent.

I - institutional support helps to improve trading liquidity. The strenuous efforts of lead broker S.G. Warburg to encourage massive institutional support have been reported widely. This could keep the share price high before the issue is launched -

excellent news for hard-pressed UK taxpayers but less promising for small investors.

N - new products or management, or a new high in the share price, or niche markets which confer strong growth advantages. BT's early monopoly position enhanced shareholders' returns, but more competition and closer regulation might preclude a repeat performance.

S - supply/demand for the shares. Small capitalisation plus demand encourages a rising share price. For BT, the UK's largest quoted company with a capitalisation of more than £25bn, the supply/demand balance depends crucially on growth prospects.

As a major force in the rapidly expanding global telecommunications industry, BT could become a highly attractive investment because it has long-term appeal for two different types of investor: income-seekers and growth-seekers. This decade, BT could be a rare but profitable hybrid - a "growth utility" generating healthy capital gains with steadily rising dividends. Since 1985, gross dividends have more than doubled. A growth utility is surely the ideal Pep investment.



Men in the firing line... S.G. Warburg's team of advisers to the Treasury for the BT3 issue: (left to right) Rory Tapper, director; Lord Cairns, deputy chairman and chief executive; and James Sassoon, director

A - ambitious owner/managers are eager for success. Chairman Iain Vallance wants BT to become a global operator, but early attempts were unsuccessful and the 20 per cent stake in MCI is too recent a development to be judged.

R - rich in cash companies have no debt. BT is in one of the most cash-generating businesses, with a minuscule 14 per cent of debt.

E - efficient management builds leading, not lagging, companies. Efficiency is revealed by savage cost-cutting, vast improvements to customer services, and that astonishing triumph of modern technology - vandal-proof public phone booths.

F - fundamental facts inform on the present and prospective share price. Forecast profits for 1994 imply earnings per share of about 32p. A price of £4.30 produces a forward price/earnings ratio of 13.4. This compares with BT's historic p/e of 21, 23 for Cable and Wireless, and 19.6 for Vodafone.

P/e ratios of around 20 suggest the market rates telephone network companies as growth stocks. If the forward p/e for BT reaches 15 by December 1993, the BT share price would rise to £4.80; by July 1994, a forward p/e of 20 could lift the price to £6.40.

A - act if growth falters. I bale out rapidly on profit warnings, setbacks, or if a chart falls below its uptrend.

S - stock market direction. Few shares prosper in falling markets, but the performance of different sectors since the start of 1993 might give clues on BT's position as that rare investment entity, a growth utility.

Since December 31 1992, the highest sectors - gold, aerospace engineering and property - have all been classic late cyclical sectors. Meanwhile, traditional growth sectors languish at the foot of the performance tables: food retailing, brewing and distillers, and

health and household. Telephone networks show a modest rise. The fact that late cyclical sectors are star 1993 performers suggests we could be nearing the peak of a mature bull market, which is already discounting recovery in the real economy. An investment in BT now could prove timely, as utilities are not favourites with institutional investors when other sectors look stale or fully valued.

T - technical analysis. What does the share price chart imply? I find charts give good guidance on buying and selling decisions, and in assessing the potential for a share price rise. It is impossible to show them in sufficient detail here, but my reading of them suggests that a year-end target price of £4.30 looks feasible and a target price for mid-1994 of £5.50 on the fully-paid shares looks possible. To reach £6.40, though, the price would have to break out of present trends.

EPS has fallen over the past five years. But, if both technical and fundamental projections hold, then the prospective capital gain, plus the predicted 13.3 per cent gross dividend yield for this coming year, suggest BT is a good Pep investment proposition now.

Special offers on BT3 shares

DETAILS are still coming in of special offers on dealing commissions for BT3 shares after the sell-off next month, writes Bethan Hutton. Some of the offers will also apply to shares in other companies, as banks and stockbrokers attempt to win new clients for their services.

The Share Centre (0442-890 800) will buy or sell up to £1,000 worth of BT3 shares for a minimum commission of £10. For amounts up to £2,000, the commission is 1 per cent, and 0.8 per cent for £2,000-£5,000. For tone 'phone deals, the commission is reduced by 20 per cent. The offer also applies to other popular shares, including Northern Ireland Electricity. On postal sales it offers a family package, with a charge of £2.50 for each additional transfer of the same type of share.

Midland bank branches will charge half their usual commission on purchases of all UK quoted shares between July 19 and October 1. The minimum will be £10 for deals up to £1,333; after that, commission will be 0.75 per cent, with a maximum of £75. Sales of BT shares will attract the same rates. Up to four BT certificates bearing the same surname and address can be sold as a single deal.

At Sharelink (021-200 2474), commission starts at 1 per cent (minimum £7.50) for buying through its new AutoDeal 24-hour telephone push-button system. Selling through AutoDeal costs 1 per cent (minimum £12.50). Commission on ordinary telephone dealing in BT shares will be 1.5 per cent for the first £2,500 (minimum £15). Family groups will be charged an extra £2.50 a member for dealing in BT shares. Transfer of BT shares to a Sharelink Premier Pep is free.

For BT3 applicants, the Leeds building society is waiving the normal £10 fee for membership of its share-dealing service until September 3. Commission rates for telephone dealing are as normal: 1.25 per cent (minimum £18) for deals up to £3,000. Selling by post costs £9.95 for transactions up to £2,500, and 0.75 per cent for larger amounts.

The government this week reminded investors that making multiple applications for BT3 shares was a criminal offence, and appointed Price Waterhouse as fraud auditor. You can register for the offer at any number of share shops, but only one application for the public offer may be made by each individual. You can apply for both the public offer and the retail tender.

ICI acts over staff options

Restructuring disrupts share schemes, says Barbara Ellis

SHARE OPTION schemes can be disrupted when companies are restructured - as 18,300 employees belonging to ICI's save-as-you-earn/share-save schemes, and more than 10,000 holders of its personal equity plans, have just discovered.

With the former employees agree to save between £10 and £250 a month for at least five years. The idea was for the accumulated money, plus a tax-free bonus, to be used to buy shares in the company at an option price fixed when the savings term began. (Some schemes run on for a further two years, doubling the five-year tax-free bonus).

In the 13 years since the schemes were launched, the Treasury and the Inland Revenue have approved various ways of handling the aftermath of mergers and takeovers - including early exercise of options and transfers from one company's scheme to another's - mostly without penalising savers.

But the authorities have taken a tougher line with demergers - which were, apparently, not foreseen by legislators early in the 1980s.

Demerging firms forfeit the privileged tax treatment of share-save schemes if they adjust the prices of options granted already to reflect the lower value of shares brought about by a demerger, or allow savers to exercise their options ahead of the restructuring.

ICI decided to allow holders of options on 3.4m shares priced at £8.14, £8.91 and £9.66 to exercise their options in time to receive a Zeneca demerger share and a Zeneca rights share (nil paid).

Holders of options priced at £11.88, £12.26 and £13.61, covering 3.9m company shares, were offered cash instead because exercising the options would have meant paying more than the market value.

These amendments to the scheme made the savers liable for income tax on their options or the cash alternative, but ICI paid compensation for the extra tax due.

Luckily for the employees, the company was following the example of Rascol in the 1991 Vodafone demerger. Employees of BAT in the 1990 split, involving Argos and Wiggins Teape Appleton, lost out on the price reduction resulting from the demerger and faced extra tax without help from the group.

Most of the 10,000-plus investors who held ICI shares through the single-company or general Peps run by the Bradford and Bingley building society have chosen to sit out the demerger so far, according to Sean Warrants of the society's Pep department.

This is partly because of the society's insistence that the terms and conditions of the Peps require investment in ICI, not Zeneca.

So, although Pep-holders can keep the Zeneca shares they have received within the ICI plans, the society is selling off the Zeneca rights to re-invest in ICI, and will also use any dividends received from either company to buy more ICI shares.

Investors who want to convert an ICI single-company Pep into a Zeneca single-company Pep, or switch a general Pep from ICI to Zeneca, will have to change plan managers, paying an exit fee of 0.5 per cent of the plan value to the society and, probably, setting-up charges to the new manager as well.

Switching out of Zeneca is simpler. Pep-holders have until September 30 to make a written request for a sale of Zeneca shares held for re-investment in ICI.

The Bradford and Bingley will be charging £15 plus VAT on top of dealing commission and stamp duty on these switches.



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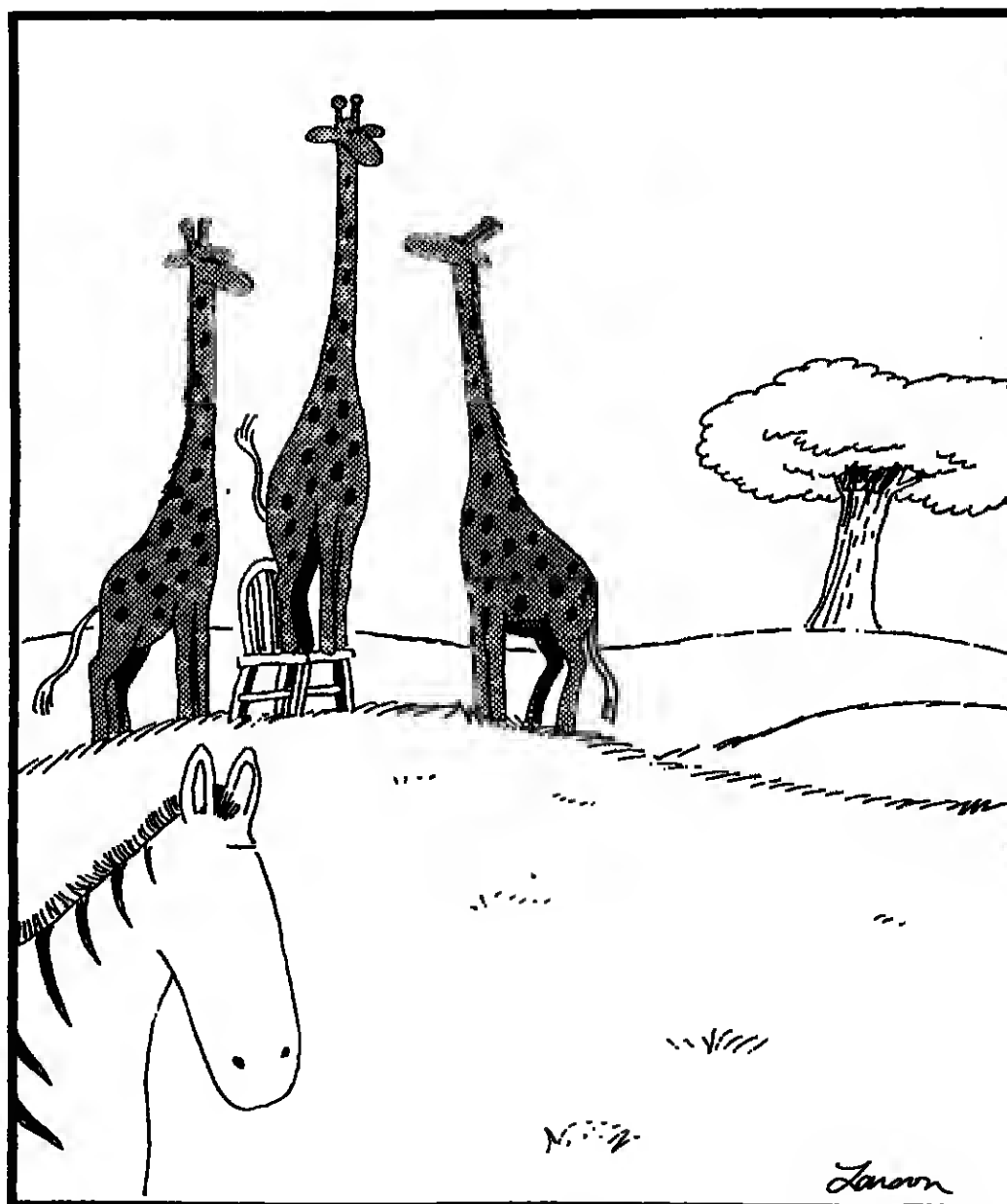
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FINANCE AND THE FAMILY

Household and motor premiums to rise again

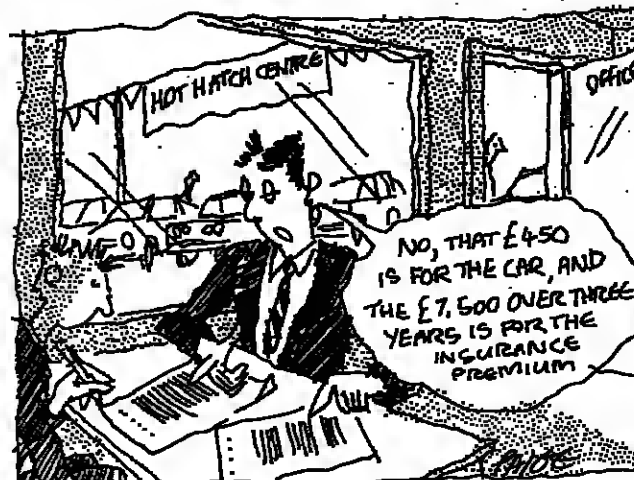
Falling investment returns to blame, says Scheherazade Daneshkhu

PREMIUMS for household and motor insurance are to rise for the third straight year despite a fall in claims. Ian Rushton, outgoing chairman of the Association of British Insurers, this week blamed declining investment returns for the higher premiums which he said would be needed to reduce underwriting losses.

Provisional figures from the ABI showed insurance companies virtually broke even last year, with expenses and claims exceeding premium and investment income by only 0.2 per cent compared with 12 per cent in 1991. The improvement arose from reduced operating expenses, loss prevention initiatives, lower claims and rising investment returns.

Rushton, releasing the ABI's annual report, said motor claims had fallen, particularly for comprehensive policies, while there also had been a reduction in the rate of increase of motor crime. The companies' income from motor premiums rose by 12 per cent.

An increase in income from general insurance premiums helped to cut underwriting losses, along with falls in commercial theft claims (13 per



cent), commercial fire claims (20 per cent) and subsidence claims (52 per cent). Domestic mortgage indemnity losses, at around £750m, were down by more than a third compared with 1991.

The report cited a number of initiatives which had helped to cut general insurance claims. These included an arson prevention campaign in association with the Home Office, and an anti-fraud drive aimed at preventing bogus claims. Rushton said: "These are all beginning to bear fruit, with

reduced claims in many of these areas. If this continues, we could see greater stability in premiums."

The ABI is talking to police and the Department of Transport about raising fines on uninsured motorists. It says these are too low to discourage guilty drivers.

On the life and pensions side, companies reported record premiums last year, with total income from this source rising by 8.9 per cent to £42bn.

Explaining the need for

higher household and car premiums, however, Rushton said: "Results did improve last year but we still lost money."

"Significant rate increases have been introduced and their full effect will come through to companies over this year. Insurance companies have taken action to put the industry back on the right track, but we still have some way to go to return to full profitability."

But unlike last year, when the ABI forecast rises across the board of 15-20 per cent, it refused to make predictions this time except to say that further increases were expected to vary widely and would depend on the position of individual companies.

Last month, the ABI estimated that home insurance premiums rose by an average of 20-25 per cent over the past year, but many readers have reported increases well above this.

Motor insurance premiums also have been rising, and the Consumers' Association advises people to shop around for quotations. It says: "Despite the ABI's words of warning there is nothing inevitable about increased premiums."

Funds to follow fashion

IF THERE is a dominant investment theme of the moment, it is the desire for investors to get a decent income.

Years of high inflation and high interest rates have led most investors to regard "decent" as being more than 10 per cent.

The problem, with base rates at 6 per cent, is that it is hard to get a double digit income without taking some risks.

As we reported last Saturday, Fidelity, a leading fund management group, has written to the regulators expressing concern about a number of products which appear to offer a high level of income, but which may well just be paying back the investor's capital.

A classic example of this kind of product was launched this week by Life Association of Scotland, which is offering an income of 10.1 per cent (net of basic rate tax), paid quarterly for five years.

What is the snag? Like previous products from Acuma or Save & Prosper, LAS does not promise to return your original capital. It will only do so if the FTSE 100 index grows at 8.75 per cent per annum over the next five years.

It does guarantee that the total of your income payments, plus what is left after five years, will at least add up to your original investment. In other words, if you invest £10,000, you will get £4,870 in interest over five years, and if the FTSE index does not grow you will get £5,130 of capital back.

There are a couple of things to note here. The first is that the interest payment equates to 8.74 a year, not the 10.10 which one might naturally expect to get if offered 10.1 per cent on £10,000. This is because an income paid quarterly is deemed to "compound up" at a higher rate than income paid annually.

Secondly, the guarantee offered is very similar to that available from other products, which promise stock market growth or your money back. The LAS product just parcels up the same return in a different way.

Investors should realise that if the guarantee comes into play after five years, they will have lost out. If they had kept the money in the building society, they would have earned interest on top of their original capital.

The product is really only a good deal if investors get their capital back as well as the interest payments. How likely is this? LAS calculated that, in all the five year periods, from 1984 to the present day (ie Jan 1, 1984 to Jan 1, 1989, Jan 2, 1984 to Jan 2, 1989 and so on), the average growth rate has been 9.58 per cent.

So a target of 8.75 per cent, it argues, is not too steep (as with many other products in this field, investors get no credit for the dividend yield on the index, but LAS's calculations allow for this).

But if the index rises by more than 8.75 per cent per year, investors will get no credit for the excess.

Provided investors understand all the nuances, this is not a bad product (higher rate taxpayers should note that the yield for them falls to 8.6 per cent). The concern is that pro-

ple look at the income figure and do not bother to read the rest.

To avoid these problems, LAS says it asked Lauto, the life industry regulator, for an opinion on its promotional material. The brochure certainly does explain the risks; potential investors should make sure they read it in full.

High income and emerging markets are the current favourites. Are they attractive? asks Philip Coggan

Another very fashionable area of the moment is emerging markets, the stock markets of developing countries; we reported on the launch of a Govett investment trust last week.

Kleinwort Benson is also launching a trust in the area but it claims a more "scien-

tific" approach to emerging market investment. Asset allocation is more important than stock selection, says Kleinwort, since analysis shows that two-thirds of the movement of an individual stock price can be explained by the change in the general level of the emerging market.

Kleinwort also says that

many of the current emerging market indices are too heavily weighted towards individual markets (particularly Mexico and Venezuela) and are thus very volatile.

It favours a more balanced index, where weightings are equally spread and regularly rebalanced to allow for market

movements.

The new trust will follow a number of rules. It will never have more than 10 per cent in any one emerging market; if a market has risen by more than 50 per cent in the preceding year, the trust's maximum weighting will be 7.5 per cent; if a market has fallen by more than 50 per cent in the preceding 12 months, the trust's minimum weighting will be 2.5 per cent.

Kleinwort says its disciplined approach has worked for its offshore Emerging Markets fund, which has risen 28.8 per cent since launch in February 1992, compared with a rise of 12.8 per cent in the IFC Composite index (the standard benchmark for emerging markets) over the same period.

The new trust will be launched on July 2. Shares will be offered at 100p each, with warrants attached on a one-for-five basis. The minimum investment will be £1,000.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Deposit	Rate %	Int. paid
INSTANT ACCESS A/c's						
Co-operative Bank	Pathfinder	0345 252000	Instant	£100	5.84% A	Yr
Birmingham Midshires BS	First Class	0902 302080	Postal	£500	6.75% Y	Yr
Northern Rock BS	Postal	0600 505000	Postal	£2,000	7.05% Y	Yr
				£20,000	7.55% Y	Yr
NOTICE A/c's and BONDS						
Bradford & Bingley BS	Direct Notice	0345 247247	30 Day	£1,000	7.00% Y	Yr
Woolwich BS	Investment Bond	0800 406060	90 Day	£50,000	8.00% Y	Yr
Charley & District BS	Asley Share	0257 279873	6 Mth	£75,000	8.55% G	Yr
Chelsea BS	Premier VII	0800 272505	30.9.95	£10,000	8.00% E	Yr
MONTHLY INTEREST						
Britannia BS	Capital Trust	0800 654456	Postal	£5,000	8.55% Y	Yr
Bradford & Bingley BS	Direct Notice	0345 247247	30 day	£25,000	7.50% Y	Yr
Bristol & West BS	Limited Edition	0800 486487	31.01.95	£25,000	7.81% Y	Yr
Chelsea BS	Premier VII	0800 272505	30.9.95	£10,000	8.55% E	Yr
TESSAs (Tax Free)						
Hinkley & Rugby BS		0455 251234	5 Year	£25	8.05% Y	Yr
Dunfermline BS		0383 721621	5 Year	£3,000	8.00% Y	Yr
National Counties BS		0372 739702	5 Year	£3,000	7.50% Y	Yr
Dudley BS		0384 231414	5 Year	£10	7.87% Y	Yr
HIGH INTEREST CHEQUE A/c's (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50% Y	Yr
Chelsea BS	Classic Postal	0600 717515	Instant	£2,500	6.10% Y	Yr
Northern Rock	Current	0600 591500	Instant	£25,000	7.10% Y	Yr
				£50,000	7.07% Y	Yr
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Int	0481 715735	Instant	£500	8.25% Y	Yr
Confederation Bank Jersey	Flexible Investm	0634 608080	60 Day	£10,000	8.75% Y	Yr
Deutsche Bank Ltd	90 Day Notice	0624 863432	90 Day	£50,000	8.00% Y	Yr
Bristol & West Int Ltd	Int Premier	0600 633222	6 Mth	£5,000	8.55% Y	Yr
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		061 940 8343	1 Year	£2,000	5.00% Y	Yr
Prosperity Life FN		0800 521546	2 Year	£15,000	5.80% Y	Yr
Consolidated Life FN		061 940 8343	3 Year	£2,000	6.25% Y	Yr
Financial Assurance FN		061 367 8000	4 Year	£50,000	6.70% Y	Yr
Financial Assurance FN		061 367 8000	5 Year	£50,000	6.55% Y	Yr
NATIONAL SAVINGS A/c's & BONDS (Gross)						
	Investment A/c		1 Month	£20	6.25% Y	Yr
	Income Bonds		3 Month	£2,000	7.00% Y	Yr
	Capital Bonds G		5 Year	£100	7.75% Y	Yr
	First Option Bond		12 Month	£1,000	6.34% Y	Yr
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75% Y	OM
	6th Index Linked		5 Year	£100	3.25% Y	OM
	Childrens Bond E		5 Year	£25	7.85% Y	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. Net Rate, F = After 6 months qualifying period. A = Initial deposit of £25,000 or £100 per month required. E = Rate fixed until 1.10.93. G = 0.5% bonus providing no withdrawals per annum. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR26 0SD. Readers can obtain a complimentary copy by phoning 0992 500677.

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FINANCE AND THE FAMILY

Doing the Splits

River Plate catches a new tide

Philip Coggan examines a trust that started with Argentina and now thinks global

RIVER PLATE and General Investment trust was a 19th century example of that recent fashion, the emerging markets fund. It was founded in 1888, specifically to invest in Argentinian companies. The policy was changed only in 1952, when it was allowed to buy securities anywhere.

The decision to go for a split structure came in 1987, when other trusts such as River & Mercantile and Scottish National were making similar moves. At the time, many people questioned the need for general trusts. Some disappeared through takeover; others restructured in an attempt to please their shareholders by eliminating the discount to net assets on which the shares traded.

River Plate was one of the first to launch zero dividend preference shares. These have first claim on the assets of the trust and their entitlement grows at a set rate of 12.25 per cent a year so that, eventually, they are repaid at 100p in 1996.

According to fund manager Jupiter Tyndall, these zeros have the best cover in the market, with the trust currently having enough assets to meet the final redemption value 2.5 times. Or, put another way, the trust's assets would have to decline by 23 per cent a year between now and 1996 for the zeros not to be repaid in full.

Because they are seen as

safe, the zeros offer the lowest yields in the sector, with a gross redemption yield of just 7.4 per cent. But investors who have owned them since issue have had a good deal: the price has doubled and the increase is taxed as capital gain, not income.

The income shares receive all the revenue of the trust and are entitled to be repaid at 100p on wind-up. Jupiter Tyndall says there are enough assets to meet the final repayment value of the income shares 1.1 times. The final dividend was maintained last year at 8.5p and the interim dividend has since been maintained at 3p. On Wednesday's share price of 103p, the income shares are on a flat yield of 10.8 per cent.

Philip Middleton, analyst at Smith New Court, says the income shares are decent value provided the trust is able to maintain the final dividend.

The capital shares receive all the assets of the trust after the other classes have been repaid. As with other split trusts, there are two ways of assessing the asset value of the capital shares.

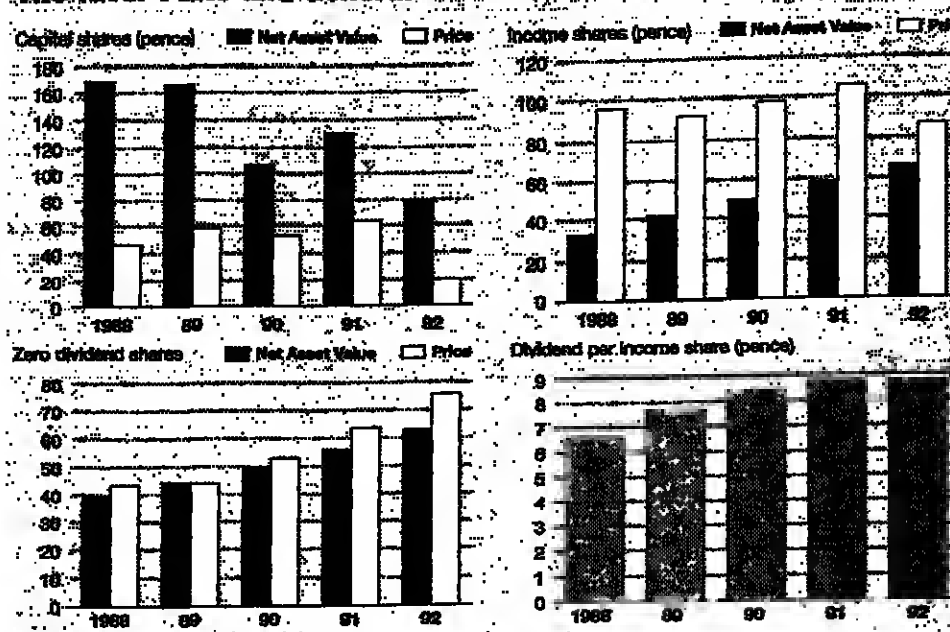
If you allow only for the present claims of the other classes, the net asset value is 131.5p, putting the shares (at 56p) at a whopping 58.3 per cent discount. But if you allow for the wind-up claims of the other classes, the assets per capital share are just 11p, according to Middleton. Thus, on a conservative basis, the shares are trading at a substantial premium.

As with most of the other trusts launched in 1987, it is the capital shareholders who have lost out. When River Plate was launched, the capital shares had assets of 250p each and an original trading price of 100p.

Middleton says the capital shares are "a bit dear." If the trust's assets grow at 5 per cent a year, he says the shares would return 9.2 per cent a year. He points out that a high asset growth rate is more difficult to achieve because of the high portfolio yield.

But a recent research note from Iqbal Assan, at Oliff & Partners, said the shares "are among the most highly-gearred in the sector and have considerable appeal for

The River Plate and General Investment Trust



investors taking a bullish view of the UK equity market over the next three years." The note does, however, emphasise that the shares are

a high-risk recommendation. There are also warrants, which entitle the holder to buy capital shares at 250p each. Given that the capital shares

will need to quintuple within three years for it to be worthwhile exercising the warrants, the latter are trading at just 2p.

The trust is managed by Michael Heathcoat Amory, a nephew of a former Conservative chancellor. He says the trust has a large number of stocks in its portfolio (200), with an overweighing in small and medium sized companies which has helped its performance lately. In the six months to April 30, total assets rose by 19 per cent, compared with a rise of 10.5 per cent in the FT-All Share Index.

The 10 largest holdings at the end of April were: FWS Holdings (a small insurance broker), Shell, BAT Industries, General Electric, Scottish Power, Williams Holdings (convertible), Merlin Jupiter American Capital fund, Mezzanine Capital and Income Trust (income shares), and Delagety. Heathcoat Amory says the yield on the portfolio is 6.5 per cent.

The holding in Merlin Jupiter American Capital (a Jupiter Tyndall managed unit trust) has recently been reduced and Heathcoat Amory says that Jupiter Tyndall funds now make up just 6 per cent of the trust's assets.

Smith New Court's Middleton adds: "In terms of fund management, the trust has performed creditably without being outstanding." Figures from the Association of Investment Trust Companies show River Plate's total return of shareholders' funds has been above average (for the split capital sector) over the past year, below average over the past three years, and above average over five years.

Key facts
Total assets at the end of April were £98.1m and the annual management fee is 0.5 per cent of assets. The trust is due to be wound up on October 31, 1996.

Board
Peter Hill-Wood, the chairman, is also vice-chairman of Hambros Bank. Other outsiders on the board are: Andrew Burton, a director of Norwich Union; Harry Littlefair, former vice-chairman of Allied Dunbar Unit Trusts; and Simon de Zoete, a director of BZW. Jupiter Tyndall men on the board are John Duffield, Heathcoat Amory and Timothy Pilkington.

Savings scheme
There is no savings scheme, and Jupiter Tyndall does not run Peps. But River Plate is a self-select plan.

CGT allowances

THE TABLE shows capital gains tax (CGT) allowances for assets sold in May. To use it, multiply the original cost of the asset for the figure shown for the month in which you bought it. If you subtract the result from the proceeds of your sale, the balance will be your taxable gain or loss.

Suppose that you bought shares for £5,000 in June 1988 and sold them in May 1993 for £13,000. Multiplying the origi-

nal cost by the June 1988 figure of 1.479 gives a total of £7,395. Subtracting that from the proceeds of £13,000 gives a capital gain of £5,605, which is below the 1993-94 CGT allowance of £5,800. If you realise no other gains during the year, the profits should be tax-free. If you sell shares bought before April 6 1988, you should use the March 1988 figure. The RPI in May was 141.1.

CGT INDEXATION ALLOWANCES: MAY						
Month	1982	1983	1984	1985	1986	1987
January	-	1.708	1.625	1.547	1.466	1.411
February	-	1.701	1.618	1.535	1.451	1.405
March	1.776	1.694	1.613	1.520	1.459	1.403
April	1.741	1.674	1.592	1.489	1.445	1.388
May	1.729	1.667	1.586	1.482	1.442	1.385
June	1.724	1.663	1.582	1.479	1.443	1.385
July	1.723	1.664	1.584	1.482	1.447	1.386
August	1.723	1.647	1.569	1.478	1.442	1.382
September	1.724	1.640	1.568	1.478	1.435	1.378
October	1.715	1.634	1.558	1.476	1.435	1.371
November	1.707	1.628	1.551	1.471	1.421	1.365
December	1.710	1.624	1.553	1.469	1.416	1.366

Month	1988	1989	1990	1991	1992	1993
January	1.366	1.271	1.181	1.084	1.041	1.023
February	1.361	1.262	1.174	1.078	1.035	1.017
March	1.355	1.256	1.162	1.074	1.032	1.013
April	1.334	1.234	1.128	1.060	1.017	1.004
May	1.329	1.227	1.116	1.057	1.013	1.001
June	1.324	1.223	1.114	1.052	1.013	1.001
July	1.322	1.222	1.113	1.055	1.017	1.001
August	1.300	1.216	1.102	1.022	1.016	1.016
September	1.302	1.210	1.091	1.048	1.012	1.012
October	1.289	1.201	1.083	1.044	1.009	1.009
November	1.283	1.161	1.085	1.041	1.010	1.010
December	1.279	1.188	1.066	1.040	1.014	1.014

Source: Inland Revenue

Directors' transactions

FOOD retailers have not enjoyed favourable conditions, at least not in the stock market. But Nurdin & Peacock has proved something of an exception. Since late last year the shares have risen from 180p to the current level and deputy chairman David Rowley has sold 110,000 shares at 215p. He has effectively halved his holding to just under 96,000 shares.

Although quoted under food retailing, the company has been cushioned from the worst effects of pressure on margins by its operations in the cash and carry business. This is reflected in a trend of increase in earnings which looks set to continue.

The chairman and managing director of Dagenham Motors, David Philip, has sold 375,000 shares at 105p for personal reasons. Like all motor dealers Dagenham has enjoyed something of a rally in the share

price over the last six months although it is perhaps less pronounced than some of its peers.

Shares in Comac Group, the computer consultant, took off when it was announced that Philip Swinstead had bought 1.25m shares and joined the board as chief executive. Swinstead cut his teeth at SD-Scot and the fact that he had paid a substantial premium to the market price is a positive sign. A few days later two directors took the opportunity to reduce their holdings on the back of the rise in share price. Mike Winsley, managing director, sold his entire holding of 480,000 shares and is retiring from the board while Mr Lambert sold 50,000 shares of which he is the beneficial holder and a further 450,000 in which he has a non-beneficial interest.

Colin Rogers, The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Blick	Eng	142,500	668	4
Bodycote Int	Comp	100,000	282	1
Bradford Prop Trust	Prop	4,000	15	1
Comac Group	BusE	530,000	382	2
Dagenham Motors Grp	Motr	375,000	394	1
Island Group	FdRe	360,000	875	1
Meyer Int	EdMa	5,000	16	1
Nurdin & Peacock	FdRe	110,000	241	1
SEP Industrial Hldg	EngG	260,000	82	1
Shell	OilG	75,000	468	1
PURCHASES				
Aerospac Eng	EngA	130,600	27	2
Allied-Lyons	Brew	3,000	16	1
APV	EngG	11,000	11	2
Cleymore Properties	Prop	110,000	26	2
Comac Group	BusE	1,250,000	750	1
Gloxx	EdMa	2,772	18	1
Harrington Kilbride	Med	5,000	11	1
Henderson Eurotrust	InTr	15,100	13	1
Lucas Industries	Motr	12,952	18	1
Pegasus	EdMa	25,000	38	1
South Sid Water Wts	Watr	9,500	73	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000). Information released by the Stock Exchange 14-15 June 1993. Source: Directors Ltd, The Inside Track, Edinburgh

In a Jaguar
you're the
protected species.

Drivers are safest in a Jaguar
By KEVIN EASON, MOTORING CORRESPONDENT
JAGUAR cars are the safest on the road, according to a government-ordered study of crash data for 90 models published last week. The study, carried out by the Department of Transport, shows that a driver in a Jaguar is four times more likely to die in a two-car crash than the driver of an XJ6 saloon. For the first time, car buyers will be able to check how the most popular models stand up to a collision with another car. Transport officials say the study helps to highlight models which have the best safety features, such as side impact bars, airbags and anti-lock brakes. Kenneth Castle, the roads minister, said: "I hope this study will help people to make sensible and informed decisions. We know that if we could improve the safety of cars, we would reduce casualties."

Jaguar tops car safety league
The Jaguar XJ is the safest car produced in the world, according to the Department of Transport, which has published the results of a study of car crash data. The study, which is the first of its kind, shows that a driver in a Jaguar is four times more likely to die in a two-car crash than the driver of an XJ6 saloon. For the first time, car buyers will be able to check how the most popular models stand up to a collision with another car. Transport officials say the study helps to highlight models which have the best safety features, such as side impact bars, airbags and anti-lock brakes. Kenneth Castle, the roads minister, said: "I hope this study will help people to make sensible and informed decisions. We know that if we could improve the safety of cars, we would reduce casualties."

The Times, May 15th The Guardian, May 15th

JAGUAR

MINDING YOUR OWN BUSINESS

My uncle's Italian debt

MY MOTHER was incapacitated and in a home for the elderly. She set up a joint account with my uncle so that he could administer her money for her.

I discovered that my uncle helped himself to some of my mother's money. Both are now dead. Did my uncle incur a debt in respect of my mother, and as my mother's sole heir do I have a claim on his estate? (I am a co-heir with my cousin, and we are all nephews and nieces as my uncle had no children).

All this was in Italy, is the law likely to be different there? Before I describe how English law would treat the problem you describe, I must emphasise that any remedy which you may have is a matter solely for Italian law. Italian law is based on Roman law, English law is not, and so the latter is an inadequate guide to the Italian law treatment of your problem.

In English law, the creation of the joint bank account created a trust. If your uncle misappropriated funds from the account, then he is probably in breach of trust.

That breach has caused a loss to the trust fund and he is therefore liable to reimburse the fund with the amount taken. Although your uncle ceased to be a trustee on his death, the liability of a trustee for a breach of trust survives against his executors and estate.

Compensation can therefore be sought by you and the other beneficiaries against the estate of your late uncle.

A trust is a concept peculiar to Anglo-Saxon law and there is no such concept in Roman or Italian law. However, I would find it odd if Italian law did not afford you some remedy in such a situation.

This reply was provided by Barry Stillman of Accountants Stoy Hayward.

Is scrip trustworthy?

ENHANCED scrip dividends are worth so much more than

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

normal cash dividends that it is desirable to take them up. In the case of a trust that has to pay income during the life of the beneficiary, the life tenant and the remaindermen, what should the trustees do about this?

Would the trustees be meeting the interests of the life tenant and the remaindermen if they took the enhanced scrip dividends, sold the scrip shares and paid the proceeds to the life tenant (less any capital gains tax attributable to the sale of scrip shares)?

Subject to the precise wording of the trust deed, the trustees will be duty bound to elect for the scrip dividends. They would have a complaint of negligence to face if they failed to do so.

They should also ask the life tenant whether he or she wishes the scrip to be sold. If they cannot obtain the life tenant's instructions before the offer-to-purchase, they will probably be acting in the best interests of all concerned if they go ahead and accept it.

Subject to wording of the deed, it is likely that the scrip vests in the life tenant at the moment of issue. That being so, the trustees would not have any CGT liability in respect of the sale of the scrip, because their CGT position (and the life tenant's) will be governed by section 142 of the Taxation of Chargeable Gains Act 1992.

Before delivering the scrip or the proceeds of its sale to the life tenant, the trustees may consider it prudent to seek the advice of the trust's solicitor on the effect of the precise wording of the deed.



All there in black and white: Clive Fewins can make 140-year-old pictures seem new again

Pictures from the past

Clive Fewins meets a man who has made a careful living from restoring people's memories

THE TROUBLE with photographs is that they do not last. Pull out your glossy wedding portfolio 50 years on and you might well find faded and discoloured sheets to dampen your golden wedding.

This is one of the reasons for the trend back to black and white photography. "Because they are composed of minute fragments of silver you can expect black and white photographs to last much longer than colour prints, which are based on impermanent dyes," said Gerry Clarke.

Clarke restores black-and-white photographs - dating back as far as the 1850s. At his workshop overlooking open fields near the Oxfordshire village of Kington, Clarke is hard-pressed to cope with the flood of pictures that

arrive from all over Britain, the US and Australia.

"For some reason a chap who runs a fish and chip shop in San Francisco keeps sending me work, and the other day I even had a visitor from Trinidad who had heard of me and managed to penetrate my rural isolation," he said. "It always amazes me the distances people travel to bring their old photographs to me."

Many British customers, reluctant to commit their valued family archives to the post, visit and inspect Clarke and his enterprise before becoming customers.

Others - including several elderly ladies in Devon and north Wales - are happy to

keep posting their family archival shots, half a dozen at a time. A woman from Dawlish, who always adds her age ("ninety-three-and-a-half") to her signature, has spent several hundred pounds over the past two years.

"With photographs anything up to 140 years old I am often dealing with items of great sentimental value that people only grudgingly leave in my care," Clarke said. "I get an inevitable finger-wagging lecture from virtually everyone that comes in here to see me. But I am always conscious that we are reckoned to have only 10 per cent of the photographs taken in Victoria's reign left in this country and I realise how valu-

able as historical documents the majority of the prints I handle will be in 100 years."

Clarke works by the meticulous use of a De Vere 504 enlarger with a copy back as a rostrum camera. Using optical filters and a variety of techniques he has perfected over nearly 40 years he is able to restore faded images, eliminate stains and discolouration and remove evidence of creasing and tearing so that the restored prints are generally of a much higher quality than the originals he works from.

He is reluctant to replace missing images in sections of a print. "Where there is a detail missing I leave it to the imagination. If it is a group I could

always fill in a face, but I won't," he said.

Clarke is a one-man band. When he started Photocare at 52, five-and-a-half years ago, one of his aims was to keep turnover below the minimum VAT level to avoid additional administration. He is finding that increasingly difficult. "My attitude was that I wasn't necessarily chasing the last buck all the time, and I certainly wasn't into the horrors of VAT returns," he said.

Having enjoyed 20 comfortable years in the building trade and with his three children now grown up, Clarke decided to concentrate on what he really enjoyed doing and to turn his hobby into a living.

He invested £10,000 of his savings, did a little of advertising in consumer magazines, and waited for customers.

"I was not desperately worried if the business started slowly. My wife was working and I knew I could count on some orders from people I had done work for when I restored photographs as a hobby," he said. "But nevertheless I had locked up a lot of my savings, so it was important that the venture was a success."

He need not have worried. The word spread quickly and Clarke soon found he had a healthy portfolio of large customers such as military units and local authority and company archivists.

Although the basic price is low - £4.85 to photograph an original print and supply a 5in x 4in negative - many of the customers' orders are large. This and repeat orders means that the average price of a job is a healthy £100 or so.

This pleases Clarke, as Photocare is very much a value-added business. He estimates that materials comprise just under 10 per cent of turnover. As his only large overhead is his rent of £500 a quarter he can justifiably claim that his profitability as a percentage of turnover is probably as high as in any business.

"As it is a craft trade, in which I use my hands I am unlikely to make vast profits. However, it is a very satisfying means of making a living."

If there are dark clouds they concern the problems of success. There really is too much work for one.

"I know that if I was actively considering growth I would easily be able to build up the institutional side of the business. They say nostalgia is the thing of the future, and Photocare has now grown to a point where it has a value, and so I must push forward."

"Employing someone else will inevitably take me over the VAT limit and we shall really be in business. It must happen - especially as there seems to be a dearth of people offering this kind of service."

"One possibility is for my teacher brother, who is a little younger, to join me. We could then possibly add a library of old photographs to our services. I already have a collection of nearly 5,000 and people keep offering them to me. Whatever happens I must do something - even if only to make sure I get back to the golf course when I reach 65."

Photocare, The Langston Priory Workshops, Kington, Oxfordshire OX7 6DP.

ADVERTISEMENT

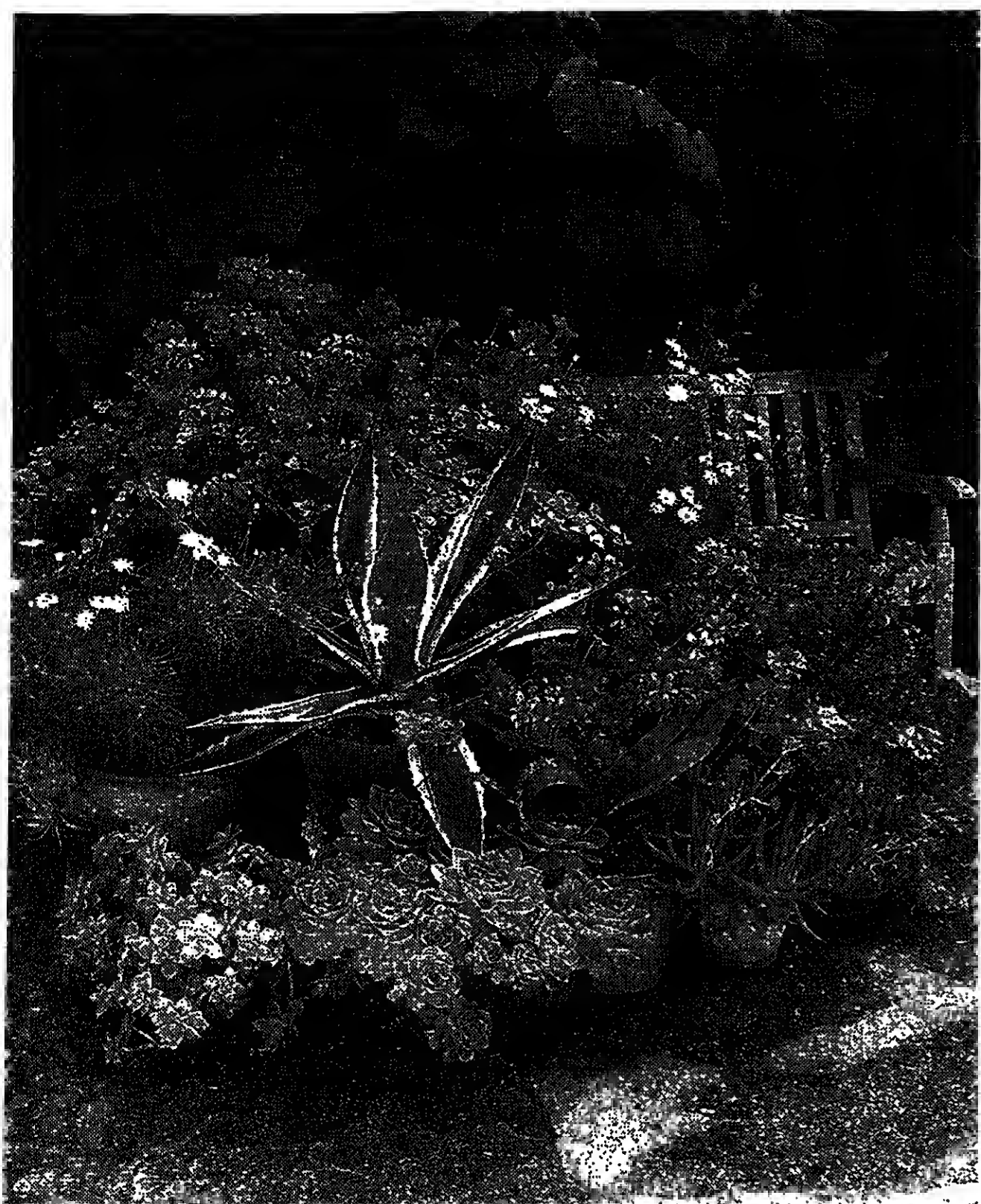
BUILDING SOCIETY INVESTMENT TERMS

Name of Society	Product	Sum	Rate	Score	Mid	Net	Interest	Minimum	Access and other details
		Est				Card	Child	Balance £	
Alliance & Leicester	Home 99	8.05	8.05	6.99	6.04	Ytd		Thru	2.85/357/250.50
	Save	7.25	7.25	-	-	Ytd	30		25 days withdrawal limit, no
	Index	6.40	6.40	6.00	6.00	Ytd	Thru		5.45 £10k/4.05 £25k/4.05 £50k instant access
	Instant Access	5.25	5.25	5.00	5.00	Ytd	Thru		4.00/4.54/4.59/2.54.50
Barclays (0203 733999)	Overnight Plus	6.30	6.30	6.00	6.00	Ytd		75,000	90 days priority - £10k for monthly income.
Cheltenham & Gloucester (01203 738730)	Overnight High Int	7.30	7.30	5.53	5.30	Wtd		50,000	Instant access above £10k
First Direct	First Direct Inst	7.60	7.60	5.70	5.70	Ytd		100,000	Instant access on priority
First National	Overnight Special Award	5.00	5.00	4.30	4.30	Ytd		5,000	Thru instant. Monthly income available.
First Republic	Home High Int 1 Year	7.30	7.30	-	-	Ytd		5,000	7.30% from on specific food.
First State	Home High Int 1 Year	7.30	7.30	5.40	5.40	Ytd		5,000	1 Year fixed
First Trust	Max Village 3 Bond	7.90	7.90	5.05	5.05	Ytd		25,000	Monthly income 7.10% gross 7.60% gross 7.80% gross and 8.00% gross.
First Zenith	Max Village 3 Bond	7.30	7.30	6.10	6.00	Ytd		50,000	Standard 80% of 4.00% above
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	the best rate on Thru instant Account.
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	90 day £20k + 6.70% 5.00% net.
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	Interest Rate Guaranteed to 31.12.29 (7.00% thereafter)
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	Instant Access. No Penalties
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	Instant with 7 day pen. Withdrawal limit £5,000
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	Client rate 7.00% 6.40% £25k 7.00% £50k 7.00%
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	90 days notice. 90 day rate to be set (see table stated)
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	31.12.29 £20k 31.12.29 20%
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	90 days withdrawal Thru A/C. £25k 4.25%, £10k 4.00%
First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	Instant access Thru A/C. £25k 4.00%, £10k 3.75%, £5k 4.00%
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First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	Interest rate includes 0.25% annual gross
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First Zenith	Max Village 3 Bond	7.30	7.30	6.25	6.25	Ytd		100,000	Interest rate includes

OUTDOORS

Gardening/Robin Lane Fox

When the garden goes to pot



Diverse plants and colours combine to form a potted 'border' in Rupert Golby's Container Garden

FLOWER beds are still ahead of themselves: for the rest of the year, I am pinning my garden's hopes on pots. In a pot, you can plant, plant late, re-plant, or move flowers to and fro wherever they are needed. You can sink potted lilies into borders and remove them, substituting Michaelmas daisies for a later season. When the roses have already peaked and the agapanthus are in bud late in June, half a dozen strategic flower pots lift the garden out of premature death. But they are best used with an art which we are still exploring.

For years, I thought in terms of one or two varieties only, segregated pot by pot: a mimulus in one, a pelargonium in another, and envy for the very dark purple strain of petunias which seemed to be grown only in Sissinghurst's front courtyard. Segregation is still the rule if you want to grow shrubs or train climbers in a single pot. Many good roses will flourish in confinement, as you can infer from Peter Beales' fine book, *Classic Roses*, where they are marked with a symbolic P. Probably, we should all grow roses more often in pots, but the excitement has shifted elsewhere.

A few brave spirits had always experimented, especially in great gardens like Powis Castle or Kiftgate Court where the large pots housed mounds of mixed flower and foliage. In the 1980s, the art became bolder, propelled by amateurs but not by horticulturalists, whose handbooks still ignore the possibilities. Like others on the circuit, I learned most from Mrs Merton of The Old Rectory, Burghfield, near Reading. She massed dozens of different varieties into 27-inch pots, broke the rules triumphantly, and earned a colour photograph in the FT for June 1990.

I return to the subject because we all have more experience now. We also have another book on the subject. Rupert Golby is an able garden-planter in the younger generation and his *Container Garden* (Headline, £16.99) has just appeared, illustrating 16 garden schemes for pots. The very best part is the final section where he prints a key to the plantings shown in each of the photographs.

Some of his sentences read like captions for postcards to which I find myself putting an image. "In summer, the garden at

the Old Rectory has subtle hints of Mrs Huntington's past..." and "Mike was interested to discover which of several blue daisy flowers would perform best in the terrace."

The most important section for us all, though, is a two-page interview with Susan Dickinson, who stands in the top flight of Britain's head gardeners. Service at Sissinghurst runs in her past, together with Hatfield and a long duet with Mrs Merton in which the two of them brought pot-planting to a new extravagance. She has now been signed up by Jacob Rothschild, although this book is rather coy about this unquestionable acquisition.

In his grand garden plans, pots are still

The new style is to over-plant wildly in pots. Begin by placing a tall plant in the centre and then cram in more summer perennials

a priority and she has lost none of the old panache. I find that she agrees on the ignored secret of success: it relies on heavy feeding. She feeds the Rothschild dahlias every day with a high-liquid nitrogen fertiliser. In dry weather, she also waters them three times a day, noting that it reduces the risk of red spider mites.

She even feeds the big-leaved sparganium in a similar way although I have always found that it grows very freely, turning yellow - perhaps from starvation - on the lower branches. In 1992, she also fed all the petunias, heliotropes and lemon verbenas with a high nitrogen fertiliser once a week. "They responded by producing deep green leaves and flowering madly until mid-October." Everything else is fed on a high potash feed and the results confirm my own beliefs.

The new style is to over-plant wildly in pots between 2ft-2½ ft wide. Begin by placing a tall plant in the centre and then cram in more softly-coloured summer

perennials than others would believe possible. It works like a dream if you follow the Dickinson principle and use concentrated fertilisers until mid-September.

I have heard people say that designer gardening in pots is very expensive and that it is an endless nuisance. On both points, I disagree, but readers of Golby's book may not immediately see why. He lists good sources for hand-made pots, but I hope that this high standard will not deter you from diving down-market.

Last year, I made up the numbers with several Far Eastern imports, on sale for less than £10 each at the Hampton Court flower show. I have just found some thin "terracottas", nearly 2 ft wide, selling at 25 each in the local garden centre. They will probably split in a very hard winter but at that price, who cares?

Golby reiterates a tip which I, too, find useful for tending down the brightness of the cheapest type of pottery. Wet the surface; rub it with dry garden lime; spray it lightly with water again and, after several attempts, it will lose the colour of a pot on a patio on the Costa Brava.

As for the bother, watering is the worst of it. Here, Golby recommends lining each pot with a polythene bag to limit loss of water through its walls. He does not mention a trick which saved me even more trouble last year. When preparing the soil mix in some water-retaining crystals, following the instructions about watering them first. The most widely-marketed is Swel Gel, which is satisfactory if you need to buy only in small quantities. It swells into long-lasting lumps of jelly and cuts down the watering of flower pots by as much as a half. You can even go away for a long weekend without fear.

Lastly, what exactly were those "blue daisy flowers" which Mike was so interested to discover? Mike is busy discovering at Kew, and he has come to the conclusion which most gardeners share, anyway: that the longest-lasting half-hardy little blue daisy on the market is Felicia Santa Anita. Perhaps he has also discovered that you can easily train it with one central stem into the shape of a small standard; if not, you and Mike might like to try it, because it adds a touch of height in a family which otherwise sprawls.

Motoring/Stuart Marshall

Ford puts on the style for estates

GOOD-LOOKING estate cars have joined Ford's Mondeo range. The subtly-curved rear end makes the estate's styling far less anonymous than that of the saloons and hatchbacks.

The re-designed independent rear suspension is exclusive to the estate car. It minimises intrusion so successfully that Ford claims the Mondeo has a class-leading load space volume (53.3 cubic feet) and a load floor length (73.5 in/184 cm) which is virtually the same as a Volvo 940.

All estates cost £1,000 more than their saloon or hatchback equivalents. Prices range from £12,835 for a 1.6-litre LX to £14,155 for the 1.8-litre GLX and £18,450 for a 2.0-litre Ghia.

This flagship model comes with ABS brakes, alloy wheels, self-levelling rear suspension and air-conditioning as standard. Most of these features can be had as extra-cost options on other Mondeo estates.

A traction control system is available only on the two-litre models, but every Mondeo Estate has a driver's side air bag and power steering. At present, buyers get a pleasant five-speed manual gearbox without the option, but on their way are automatics and four-wheel drives (although these will have manual transmission only).

Before that come 1.8-litre turbo-diesels, which should perform at least as well as Mondeo estates with 1.6-litre petrol engines.

Even the cheapest 1.6-litre LX has 60/40 split folding rear seats, a load space cover, and tie-downs to stop heavy things sliding forward should you have to make a panic stop.

□ □ □

YOU ARE driving along a motorway in pouring rain when, suddenly, the steering becomes suspiciously light. Turning the wheel produces no response. Your front tyres are aquaplaning. Instead of biting on the tarmac, they are riding on a film of water that the grooves and slots of the tread pattern cannot clear away fast enough.

Aquaplaning is alarming and potentially lethal. Mostly, it happens when you hit a long puddle or a sheet of water streaming sideways across a road. But continuous



Prices range from £12,835 for a 1.6-litre LX to £14,155 for the 1.8-litre GLX Ford Mondeo

aquaplaning conditions can occur for hundreds of yards on level but poorly-drained road surfaces in a deluge.

The faster you go, the greater the risk. Many unexplained wet-weather accidents of "the car just went into a skid" variety are because of aquaplaning, especially if the tyres have wide treads and are well worn.

The best way to avoid aquaplaning is, of course, to slow down when it rains cats and dogs. But risks can be lessened by choosing a tyre like Goodyear's new Aquatred, which has just gone on sale in European markets, including Britain.

At a glance, the deep drainage channel in the middle of the tread makes the Aquatred look like two very narrow tyres side by side. This channel lets a lot of water flow through the tyre's footprint, with the surplus pumped out to the side through slots. These are so curved that the Aquatred is a one-way tyre: a big arrow on the side wall shows the direction of rotation.

The "twin tyre" principle has been used before on tyres for vehicles with very-high performance, but the Aquatred is the first aimed at cars like Golby's and Sissinghurst Peugeot 405s and Rover 400s. It costs about 7 per cent more than a conventional summer-pattern tyre, but reduces the risk of aquaplaning considerably.

At Goodyear's Mireval proving ground near Montpellier, France, last week, I watched two family hatchbacks drive round a 200-metre circle with a 30-metre segment flooded by 8mm of water. One car was on normal tyres, the other on Aquatreds. At about 60 kph (37 kph), both kept on line when hitting the water. As speed rose, one ran wider and wider until, at 85 kph (53 mph), it aquaplaned out of control. But not the car with Aquatreds.

I then drove several Aquatred-shod cars on Mireval's handling circuit. In the dry, they rode, steered and handled as they would on the best normal tyres. On a surface like that of a winding country road during a summer downpour, the Aquatreds let me corner and brake, as though it were merely damp.

Ideally, Aquatreds - which will last as long as tyres with conventionally patterned treads - should be fitted in sets but you could start with a pair on the back wheels. They are a logical choice for motorists who give wet-weather safety high priority.

Fishing/Tom Fort

A character-building Irish monsoon

THERE ARE times when a man is compelled to become more aware than usual of his business in the face of the force of nature, such as when he finds a river which he has crossed a sea to fish transformed between one day and the next from a gentle stream into a scaled-down version of the Ganges at the height of the monsoon.

In describing the events of my recent trip to Ireland, I shall endeavour to maintain a tone of ironic detachment, rather than give way to outrage and fist-thumping. I shall be philosophical, stoical, manly, for nothing is more tiresome than self-pity. At least I shall try - but it will be hard.

The events took place this June, a month which the poets and other ill-informed authorities tell us sees the first flowering of summer. This year it saw instead the coming of tempest and deluge. And while I, my heart full of childish excitement, was crossing the Irish

Sea, the black clouds were following fast.

It was to have been a free-and-easy week. Having no money to spend, I would spend no money. I would follow my nose and my whim, helping myself here and there to a taste of the wonderful wealth of free (or virtually free) trout fishing with which Ireland is blessed.

That first day, I heard something on the news about people being rescued by lifeboat from their bedroom windows in north Wales - and foolishly allowed myself a secret smile of satisfaction that Ireland seemed to be escaping the worst of it. I was intending to fish a little stream called the Deel, one of a cluster of rivers west of Dublin (others include

the Boyne and the Blackwater) which offer demanding but first-rate trout fishing.

My friend Mall proposed a post-dinner sortie to fish the sedge. As I stood outside his house getting my rod ready, there was a sprinkling of large drops of rain. By the time we neared the river, it was raining with serious intent. By the time we had legged it back to the house, it was beating down and we were soaked.

It stopped about 22 hours later. A podgy Irish weather forecaster appeared on television with that guilty look of excitement that weather forecasters have when the weather achieves unprecedented awfulness, and announced that it had probably been the wettest day since Irish records began.



Unconsoled at the thought of witnessing the making of history, we splashed down to the little river and found that it was a big, angry cocoa-coloured river. There were no drowned sheep in it yet, but it seemed only a matter of time. We were not finished though. Reports from the west

asserted that the rains had held off, and we were soon hurtling through the floods towards the green, wooded county of Clare and the neat little village of Corofin, through which winds the river Fergus. Sure enough, as we headed down the Slieve Aughty mountains, the clouds lifted.

The Fergus connects a famous and lovely trout loch, Inchiquin, with a string of lesser lakes, and is itself a remarkable and fascinating piece of water. Running entirely through limestone, it is clear, rich in weed and full of trout, some very big. It costs nothing to fish.

I know there are very big fish in it, because we met one. It rose on the far side of a

gorgeous pool upstream from Corofin. There was a terrific gurgling suck as a late mayfly disappeared, followed by waves. With an immense cast, I landed my fly somewhere near, and the fish dashed at it and missed. There were more waves.

These waves so impressed us that we went up to the bridge, and down the other side so that we could attack the monster properly. First cast it surged heart-stoppingly at the fly, but again did not take. It then retired to ponder the folly of its greed, and was seen no more.

That evening the sun shone, and we had some very pleasing fishing for small trout which rose with gusto to a hatch of blue-winged olives. Mid-way

through the following morning, after another vain assault on the levitation of the pool, the rain reached Corofin. It was no fleeting downpour, but had a settled long-term purpose, and it drove us away from the Fergus - vowing to return one day.

I had planned that the triumphant coda to my trip should be the catching of some salmon from the Cork Blackwater. We telephoned Frank, who guards the fishing with a love border-

ing on obsession. He had had 17 fish that week, four that day. Conditions were perfect.

Hardly had I said that I would be there next morning that it began to belt down. I continued until I got there, by which time the river was the colour of stout with a dash of milk. I flogged away for a day and a half without getting a touch, then carried out a strategic withdrawal back across the Irish Sea.

Since then, I have analysed my misfortunes, in a cool and reasoned way, searching for the positive side. There can only be one, and it recalls what they used to say at school about cross-country runs, arbitrary beatings and the like: Good for the character.

Calling Dr Dalek...

■ From page 1

cedures before they have been properly evaluated."

Hap Paul felt that pressure when he was looking for sites to test Robodoc. "Tertiary care centres in the US - the big university hospitals - see this as an advance that will help them attract patients," he said. "So, we have to be very careful in choosing our sites, to make sure it's not just a publicity stunt for them."

Indeed, says John Hutton, a health economist at York University, US experience shows that patients regard hi-tech equipment in itself as an indicator of quality,

whether or not there is any clinical evidence to prove its superiority. Therefore, hospitals compete by buying more and more flashy machines - and their charges shoot up far faster than inflation. The introduction of an internal market in the NHS is likely to lead to similar competitive pressures in the UK.

ISS believes its clinical trial will enable orthopaedic hospitals to justify buying a \$750,000 Robodoc, doing 400 hip replacements a year, on the basis that implants from robotic operations last longer than those inserted manually and so save money in the long run. But the recent history of medical research and technol-

ogy, from antibiotics to diagnostic scanners, shows that while each development can be justified in isolation as being cost-effective, the overall result is to add substantially to the financial burden of health care by creating new demand from patients and adding to the number of elderly people in the population.

Two decades from now, only second-class patients will choose to have a purely manual operation. But, in contrast to labour-saving robots in a car factory, surgical robots can only make the process more expensive. Enthusiastic medical technologists can answer any question except one: how will we pay for it?

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FOOD AND DRINK

Belgian brews with body and soul

"I say Weihenstephan."
"And I want Pilsener."

SO SAY two of the Prussian wedding guests in Theodor Fontane's 1897 novel *Der Stechlin*. By this time, Berlin and Prussia had fallen to a two-pronged beer attack from Bavaria and Bohemia.

Just like the rest of Europe, Berliners once contented themselves with the redish-brown beers and ales brewed locally; in this case, those of Bernau and Werder, towns to the east and west of the capital. The first Pilsener beers arrived with the railway in the 1850s; the Bavarians came a little later.

As the century went on, Berliners achieved a small compromise by hopping these new, yellow beers a little more to the north German taste. The result was the Berliner Molle. South Germany resisted more manfully, but even Bavaria has lost ground to the Bohemians this century.

Bavarian beer originally was a dark brown lager but, in the past 30 years, the taste has gone over to light, bright beers; only the older generation of Münchenern have clung to their traditional *Dunkelbier*. By the end of the century, Pilsener is likely to have won over an even greater chunk of the Bavarian population.

The Bohemian influence has spread to the beers of Alsace, Spain, Portugal, Mexico, Jamaica and the United States: all are, to some extent, inspired by the soft-water, bottom-fermented, golden-hued beers of Pilsen.

Since the 1960s, the same process has hit

Britain. Bass-Charrington says "lager" accounts for 80 per cent of its sales - even though the mainstay is Carling Black Label, a rather blitter lager closer to the north German type.

Of all the countries to have kept faith with their brewing traditions, Belgium excites the most interest from enthusiasts. This is as it should be, for it has more different styles of beer than anywhere else.

Take, for example, the great Trappist beers made only in five Belgian monasteries, and one across the border in Holland; dark, complex brews all. "Abbey" beers often are made in the same style but they are produced "under license" by commercial breweries.

Lambic and Gueuze both are wheat beers which have undergone spontaneous fermentation and maturation in casks. Gueuze goes a stage further and is fermented once again in bottle, like champagne. Some Lambic is flavoured with cherries or raspberries, the fruit being poured directly into the casks to set off a second fermentation. The result is fruity, certainly, but completely dry.

In Brabant, there are white beers which are made mainly from wheat, like a German *Weizen*. The difference is that the Belgians add aromatics, such as coriander and orange peel, then ferment the beers a second time in bottle. The result is a brew like Hoegaarden: lemony in colour with a slight yeast haze and a tangy, refreshing, citric character. Hoegaarden promises to be more readily available in Britain now that the main importer, Whitbread, has

decided to release it through a number of up-market pubs.

In west Flanders there are "red" beers, like those of the Rodenbach brewery which spend up to two years maturing in wooden vats; this gives them a strangely vinous quality. Indeed, in many ways Belgium produces the beers which come closest to the wine-lover's ideal. Michael Jackson in his book *The Great Beers of Belgium*, persists in comparing the beers to wines, perhaps because these are brews designed for long meditation.

With the exception of Whitbread, the brewers have been predictably slow in making Belgian bottled beers available to the on-trade. Lured into a pub the other day during the brief heat-wave, I was thwarted completely in my attempts to find a decent, bottle-conditioned brew.

In the end, I had to make do with a bottle of Spanish San Miguel: a Pilsener-style beer which proved just one more example of the colonising zeal of the Bohemians.

Stockists of Belgian bottled beers include: the Beer Shop, 8 Pitfield Street, London NI (071-733 3701); Grobblossom and branches, 65 Notting Hill Gate, London W11 (071-732 3334); the Beer Cellar, Thame, Oxfordshire (0844-250 500); and the York Beer Shop, 28 Sandringham Street, Fishergate, York (0904-647 135). All do mail-order sales. A restaurant called Belgio at 72 Chalk Farm Road, London, NW1 (071-267 3179), has a wonderful selection of bottled Belgian beers - and food to go with them.

Giles MacDonogh

Cookery/Philippa Davenport

Gorgeous gooseberries

BANANAS and canned pineapple are to blame. It was shiploads of these "exotics" that put paid, early in the 1900s, to what had been a thriving gooseberry appreciation society.

In 1829, the Gooseberry Growers' Register recorded 722 different varieties grown in Britain. Today, it is rare to find more than one sort on sale, wherever you look - and that is likely to be an anonymous culinary variety as green as grass, hard as wall and picked horribly immature.

Fortunately, all is not lost. The scene might be dire in the shops but treasure trove is to be found at Brogdale, the Kentish home of the national fruit collections where more than 100 varieties of gooseberry are grown. My visit there was a revelation. I always knew I liked gooseberries, but it was not until Brogdale's Dr Joan Morgan opened my eyes (and my mouth) to the choice available that I realised just how splendid and richly varied this fruit can be.

Gooseberry colours run the whole gamut of reds, from pink champagne through claret to nearly black. There are shades of amber and gold, palest jade and almost white. The fruit can be as small as a cultivated blueberry or as big as a gobstopper, perfectly round or elongated. A few types bristle with designer stubble, some are mildly hirsute, and others are as bald as a baby's pate.

The tastes of the best gooseberries are rich and full, sometimes honey-sweet, winy, complex and lingering. And the names of them roll off the tongue like a litany: Snowdrop, White Champagne, Golden Gem, Hero of the Nile, Lancer, Leveller (one of the best golden ones), Pitmarston's Greengange, Langley's Gage (which hangs well on the bush and so becomes very sugary), Halmon's Dumping, Cope's Jolly



in cream as well, but a few crisp little biscuits on the side do not go amiss - say, almond tuffes, macaroons or petitfours.

Such a dessert is fresh, healthy, and very easy for the cook. But, of course, it all depends on having access to tip-top gooseberries.

Next weekend, on July 3 and 4, Brogdale is holding a summer fruit festival with guided tours, displays, consultations with fruit experts and tastings of many summer fruits - strawberries, raspberries, cherries and currants as well as gooseberries. Visitors can, throughout the fruiting season, buy punnets of choice varieties to take home.

Dessert gooseberries are not only rarer than culinary varieties but are doubly useful. They can be cooked as well as eaten

raw; and just as dessert apples often make better puddings than cooking apples, so dessert gooseberries make excellent hot puddings on so-called summer days chilly enough to bring you out in goose pimples.

The hot fruit salad in Elizabeth David's *Summer Cooking* is a lovely choice of gooseberry recipe for such days. It has, as she puts it, "all the flavour and scent of a warm summer fruit garden."

Stew gently without water 1 lb-topped and tailed red gooseberries and 1/4 lb red currants sprinkled with a little sugar. After five minutes, add 1/4 lb raspberries and cook for just two minutes more. Serve very hot with thick, fresh cream.

For those who have access only to the little green gooseberries of commerce, I suggest my own adaptation of a classic apple pudding.

LITTLE GOOSEBERRY CHARLOTTE
(serves 8-10)

This seems equally at home for Sunday lunch or a dinner party. Serve it on its own, handing round a bowl of cream whipped with a little elderflower syrup for those who want it. For a party, each castle-like pudding can be served surrounded by its own moat of pouring cream and crowned with flowers of elderflower (if still in blossom) or a shake of caster sugar.

Ingredients: 2 1/2 lb green gooseberries, topped and tailed; 2-3 elderflower blossoms or 3-4 tablespoons elderflower syrup; 4-6 oz caster sugar; 2 oz flaked almonds, coarsely ground in a coffee mill or food processor; a loaf of good white bread; about 8 oz butter.

Method: Moisten a large, heavy-based pan with a couple of tablespoons of water. Add the gooseberries and cook very gently, with the blossoms or syrup if available, for 10 minutes. Add the elderflower syrup to the pan when the gooseberries

have begun to pop and yield their juices.

When the berries are soft, crush them into the pan with a potato masher to make a not-too-smooth purée. Add 4-6 oz sugar (the smaller amount if elderflower syrup was used) and continue cooking over a very low flame for several minutes until excess moisture is driven off, leaving a thick and intensely-flavoured pulp.

The mixture will split and pop as it cooks and will need frequent stirring to prevent catching and burning. Use a long-handled wooden spoon and protect your hand with an oven glove.

Set the pan aside, uncovered, so evaporation continues as the mixture cools. Then, stiffen the fruit by stirring in the freshly ground almonds.

Since the bread is thin and cut out rounds to fit the bases of 18 cocotte dishes or darlole moulds of about 5 fl oz capacity. Fry the rounds in a little butter until crisp and golden brown and put them into the moulds. Melt more butter in the frying pan, dip pieces of bread into it to moisten them on both sides, and use them to line the sides of the moulds. The fit should be as neat and as tight as a jigsaw.

Spoon the cold gooseberry pulp into the bread-lined moulds, packing it down firmly. Cover with lids of bread, again dipped in melted butter to moisten them, and place the little puddings on a baking tray. Bake for 30 minutes at 425°F/220°C (gas mark 7) until the filling is hot and the bread is crisp.

Let the charlottes settle for 5-10 minutes after they emerge from the oven. Then, run a knife round the inside edge of each mould and invert the puddings on to warmed plates for serving.

**Brogdale Horticultural Trust, Brogdale Farm, Faversham, Kent ME13 8XZ (tel: 0795-535 238).*

Appetisers

first visit to Big Bend country. I knew nothing about south-west cuisine; and as for Dean Fearing, The Mansion's celebrated chef, all I saw was a long-haired young blond who looked more like a rock musician.

Despite the alluring menu, jet lag meant that I lacked appetite; but Fearing said he would just bring us little tasters of his favourite things. Delectable tidbits followed thick and fast: a soft-shell crab sautéed subtly; a filled taco spiced with a vigorous salsa; tortilla salad with little corn fritter; wood-grilled snapper on corn purée. I have forgotten most of the details but well remember the delight.

The good news is that Fearing is coming to London's Lanesborough Hotel to cook for a week from July 2-9.

In America, he is already the kind of big-name chef that Raymond Blanc and Marco Pierre White are in Britain. His special accomplishment is to weave together the ingredients and techniques of Asian, Mexican and southern US cooking. The result is spicy, robust and filled with earthy flavours - yet subtle, too.

His dishes at the Lanesborough will include warm lobster taco with yellow tomato salsa and jicama salad; wood-grilled snapper on corn purée with three sauces (black bean, papaya and red chili); and south-west applejack cheese crumb tart.

The dining room and conservatory will provide set-price menus for lunch and dinner: £20.50 for lunch in the conservatory and £24.50 in the dining room, while dinner will be £26.50 and £29.50 respectively. An American Independence Day brunch in the conservatory on Sunday, July 4, will be £24.50.

The first 30 *Weekend FT* readers to book for either lunch or dinner (mentioning the *Weekend FT*) will get a complimentary bottle of either Jordan's Chardonnay or Jordan's Cabernet Sauvignon. Tel. 071-269 5599 for reservations.

□ □ □

Two new names for those in north London fond of good food, writes Nicholas Lander. Beth's is where Keats restaurant used to be at 3a Downshire Hill, NW3 (071-435 3544), with Beth Coventry as head chef. Open seven days a week.

More unusual is the first-class trattoria/delicatessen Pagani, opened recently at 170 Regent's Park Road, NI (071-686 6888). Open Tues-Fri 10-6, Sat 10-6.

□ □ □

The National Organic Food and Wine Fair takes place at Ryton Organic Gardens, Ryton-on-Dunsmore, Coventry (0203-303 517) on Friday afternoon, July 9, and all day Saturday, July 10. Tickets £5 on the day, £4 in advance.



One man and his dog...eel fisherman André Baudry at work near Nantes (an illustration in *Foods from France*)

Books for Cooks

How the Raj curried favour

THIS IS the Raj seen through the kitchen door. But this entertaining, and at times very amusing, book is not just for cooks, in spite of its 60 exotic and saliva-producing recipes.

Burton, a New Zealander, has taken pains to discover and share with us his discovery of the enchantments and chase of colonial and Raj food and cooking habits. So, this is also an excellent and authentic contribution to the social history of the era.

The Raj left several enduring legacies: parliamentary democracy, a legal system, health services, cricket, and the English language. But the reverse traffic was not very significant. It made no widespread or fundamental impact on British social and political institutions.

Today, the Indians are, with total British collaboration, practising a benign form of curried imperialism in reverse. Indian cuisine, sneered at by pukka sahibs and memsahibs of the Raj, proliferates in the UK as a welcome aspect of contemporary British life.

Yet, it took the British a long time to learn there was more to Indian cuisine than kedgeree, curry powder and mulligatawny soup. (Mulligatawny is anglicised corruption of the Tamil words *milagu* and *tanni*, meaning pepper water). Indeed, this change has come about only in recent years.

Social life, eating and cooking habits underwent several transformations during the 300 years the British ruled India. In the 17th and 18th centuries, expatriate men were content to live like the Indians and ate betel nut, smoked the bukka (bubble-bubble) and kept local mistresses.

I learnt a thing or two from Burton. Up to the early 17th century, for instance, he tells us: "In England, forks were still not considered proper eating utensils for a gentleman of the time, and the English maintained the medieval custom of scooping food to their

THE RAJ AT TABLE: A CULINARY HISTORY OF THE BRITISH IN INDIA
by David Burton
Faber, £14.99, 240 pages

FOODS FROM FRANCE
by Quentin Crewe
Every Press, £15.99, 160 pages

PASSION FOR PASTA
by Antonio Carluccio
BBC Books, £15.99, 192 pages

"Not at all. You see, the people who matter do not mind, and the people who do don't matter."

K Natwar-Singh

□ □ □

THE IDEA for *Foods from France* is deceptively simple. Take 18 foods for which French regions are famous - such as oysters from Brittany, foie gras from Gers, truffles from Drôme, chickens from Bresse and wild mushrooms from the Dordogne. Throw in two distinctive drinks, Sancerre and Armagnac, and track down the finest producers of each of them.

But in the hands of Quentin Crewe and photographer John Brunton, this simple tour becomes a complex affair, revealing much that is distinctive with the world of French gastronomy.

Take their visit to La Dombes, an area north-east of Lyon where 1,000 lakes supply the nation's finest frogs. The first fisherman to whom they were directed would not meet them in case their questions aroused the suspicions of the taxman. Then, they were told that local restaurants served only frogs imported from Albania or Greece.

Finally, with the help of Philippe Jussea - the chef now in charge at Alain Chapel's renowned restaurant at Mionnay - they tracked down Rene Maisson, who catches frogs and unusual recipes - such as macaroni with sardines or agnolotti with ricotta and truffle - are explained concisely.

of the book's charms. En route, two further aspects of French haute cuisine become obvious. One is that, however rich the ingredients of French cuisine, the individuals producing them struggle perpetually to make a good living. Then, by a clever juxtaposition of recipes using these ingredients, the book shows how many top chefs depend on these individuals if they want to continue to produce food that is distinctive and representative of its territory.

There is a bitter finale, though. While the book celebrates the work of these producers, it also depicts them as one of Europe's vanishing breeds, trapped between EC legislation which affects how they produce and increased pollution which is reducing how much they can produce. They need a book like this to highlight their plight.

Meanwhile, interested cooks will thoroughly enjoy the interviews, recipes and photography.

Nicholas Lander

□ □ □

FEW FOOD books manage to convey the same enthusiasm on the front cover as that of their contents, but Carluccio's *Passion for Pasta* is an exception. It shows the author tucking in to a Parmesan cheese stuffed with taglierini, tomatoes and basil. Good culinary advice is dispensed and unusual recipes - such as macaroni with sardines or agnolotti with ricotta and truffle - are explained concisely.

A GASTRONOMIC highlight of a visit to Texas two years ago was dinner in the restaurant at The Mansion on Turtle Creek, Dallas, writes Lucia van der Post. It was my

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HOW TO SPEND IT

Nineties-style? It's all so simple, really

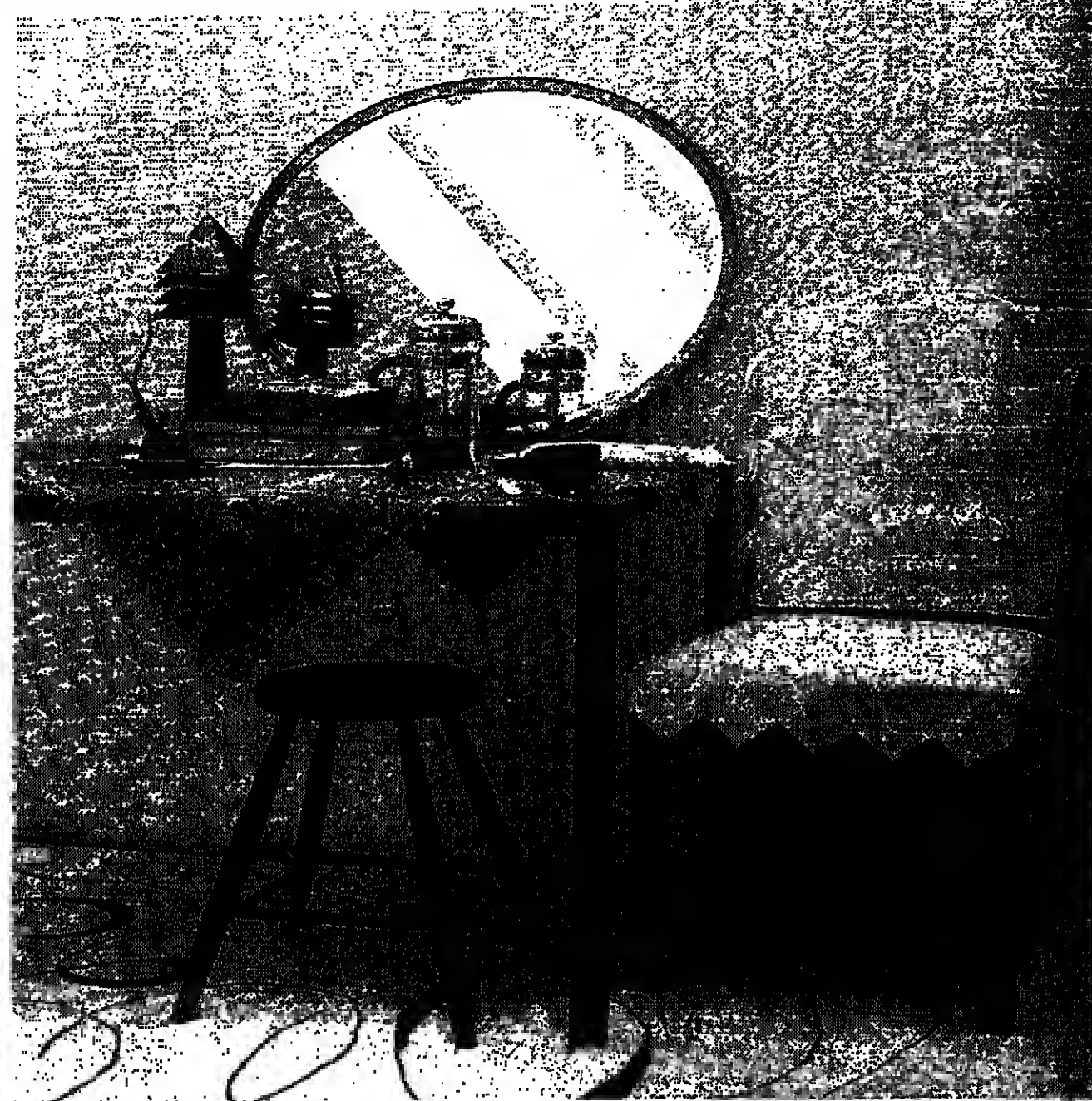
Lucia van der Post picks up some useful tips on making the modern home a model of clean, uncluttered chic

WE HAVE all been told many times that nineties-style is simple. Conventional wisdom has it that overnight the bad old sumptuous ways became demode and the truly chic household was suddenly transformed into a model of pared-down simplicity. Reality, of course, is different. The words may be easy to say, realising it is much less easy to bring off... particularly for those whose houses are still laden with the legacies of 1980s chic.

There are many, though, for whom the new wisdom chimes with a change in the inner psychology, who find their natural tastes and inclinations veering towards a more pared-down way of life, who feel an instinctive rebellion against the over-blown excesses of the eighties and who long to translate this into a cleaner, fresher-looking home. What they need is a 1990s version of Mrs Beeton, a kind of comprehensive encyclopaedia or guide-book to the new life-style. Needless to say, where there is a gap, something usually fills it and this week sees the launch of... guess what?... a primer on simple chic.

Chic Simple is a cross between a visual record, a sourcebook and an evangelical tome. It goes in for lots of inspiring photographs and plenty of uplifting aphorisms, all homing in on the wondrous benefits of simplicity.

Anybody who is anybody in design circles has a go. Here, for instance, we have Andr   Putman, that meteor of the French design scene who designed offices for Jack Lang, the French Minister of Culture, as well as smart boutiques in almost every capital of the world. "Unless you have a feeling for that secret knowledge that modest things can be more beautiful than anything



Three different looks which sum up the nineties style. Left, Tricia Guild's use of strong, simple lines, dramatic shapes and bold colours make for a vibrant dining-room. Above, from *Chic Simple*, an uncluttered approach to new age interiors - "good lines suggest a varied blend of curving and straight, sensuous and simple." Below right, from The Reject Shop catalogue, a small table, £125, and rush seated chairs, £35 each

expensive, you will never have style." Then, on comfort. "Of course, I love seven pillows behind me, but physical comfort is never the first thing. I prefer spiritual comfort, by which I mean space, light (natural, as well as artificial), contrast of textures, and pure

lines. I never look for literal comfort, but for something that allows my mind to rest." Then we have Sir Terence Conran: "I firmly believe that plain, simple things are superior to flashy, complicated ones. Something that is simple and satisfying is a greater achievement than something fussy. Good objects are designed with honesty, integrity, simplicity, and guts. A plain glass milk bottle can ultimately be more impressive than an intricate silver gilt pitcher."

If these are the sort of sentiments that you feel comfortable with then *Chic Simple* has a lot to offer. It presents a powerful visual argument for restraint, quality and purity - most floors are wooden, most walls white or cream, objects are functional, streamlined and - it goes almost without saying - efficiently designed.

Simple, often neglected things, are photographed in a way that makes one look at them properly and see their beauty - a battered table (Candice Bergen is quoted as saying "I pay a fortune for these battered tables, and my husband

says, 'Aren't you going to paint them?' And I say, 'You don't understand the concept here'"), a collection of some everyday kitchen utensils, an old cupboard, a couple of wooden chairs - "A chair is a very difficult object to design," says Mies van der Rohe. "A skyscraper is almost easier, that is why Chippendale is famous."

If a consensus does emerge it is probably best summed up by Le Corbusier - "Space and light and order. These are the things men need just as much as they need bread or a place

to sleep." It is probably evident by now that this is almost a compendium of pictures, philosophies, poetry, attitudes, all adding up to a package of considerable charm. It is a book, above all, to dip into but it is also a reference book, for the practical hit comes last - at the back is a useful list of sources for the ingredients that make up the simple life. From the US to England, France, Australia and Japan there are the suppliers of highly functional lighting, of the best modern furniture, of the rugs and taps and kitchens.

The book itself can be bought from Muji branches at 26, Great Marlborough Street, London W1, 39 Shelton Street, London WC2 and 63-67, Queen Street, Glasgow. Muji, regular readers may remember, is the Japanese company dedicated to pursuing the anti-label way of life, and which will be filling its windows with photographs of the Muji way to nineties living. The book is also available in branches of Waterstone's bookshops.

More visual inspiration, though of a much more vibrant nature, can be found in Tricia Guild's *Design and Detail: The Practical Guide to Styling a*



House". Here we have Tricia Guild's sure and individual way with colour, though stronger and more primary than in the floral days of old. If you have ever been hesitant about how to hang your pictures, how to make flowers look more enticing than a conventional florist's offering, how to present food so that it looks dramatic and appetising, here is your pictorial guide. Filled with ravishing full-colour pictures it would be a dull person indeed who did not come away with a few ideas on how to update their rooms.

Finally, The Reject Shop

chain of stores has a small, simple mail order catalogue from which you can order a few of life's necessities - plain sofas, straightforward chests of drawers, slatted folding chairs and a simple series of dining tables. The lines are clear and pleasing, the prices good. Find the catalogue at any one of The Reject Shop's many branches or telephone 071-736-7474 for a free copy.

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The top tables

ANYBODY in London this weekend and with even the smallest interest in dining, dining and setting a fine table should head for The House & Garden Eating In Show. It runs until tomorrow evening (10 am to 6 pm today, 10 am to 4.30 pm on Sunday) and there is so much going on I hardly know where to start. There will be wine tastings, table settings and complete kitchens as well as demonstrations by some of

our most famous cooks - Michel Roux (Cooking For Your Pleasure), Antonio Carluccio (A Passion for Pasta), Anthony Worrall-Thompson (Bistro Cooking at Home), Bruno Loubet (New Season's Vegetables) and more. There will, of course, be masses to eat - the catering is being run by Anton Mosimann and all around will be mouth-watering temptations of every kind.

Those who have always wanted a more dashing sort of table will be inspired by settings by Gerrard, Liberty of Regent Street, Wedgwood, Tricia Guild and Zandra Rhodes's own idiosyncratic approach to the art of the table, photographed here left. Zandra has come up with a rich, exotic table setting, part modern, part ancient, part British, part foreign. The table cloth is her own design. The cutlery is Acropolis Dore (£850 for a 44-piece canteen) from

Harrods, but rumour has it that it will be reduced in the forthcoming sale. The quirky bowls and setting plates are by Carol McMichael, one of our leading ceramicists, and cost £42 each for the bowls, £60 for the plates.

The flowers are by Paula Pryke of 20, Penton Street, Islington, London N1 (tel: 071-873-7336) while the four-tiered tulip vase is 18th century and costs £800; similar versions can be ordered through Zandra Rhodes' shop at 85, Hammersmith Road,

London W6. The printed silk cushions are all made by Zandra Rhodes - to order at £150 each. The little figurines are by Albany China.

The show is on at The Business Design Centre, Upper Street, Islington, London N1. Tickets cost £9 and can be bought at the door or by ringing the ticket hotline, 071-288-6888.

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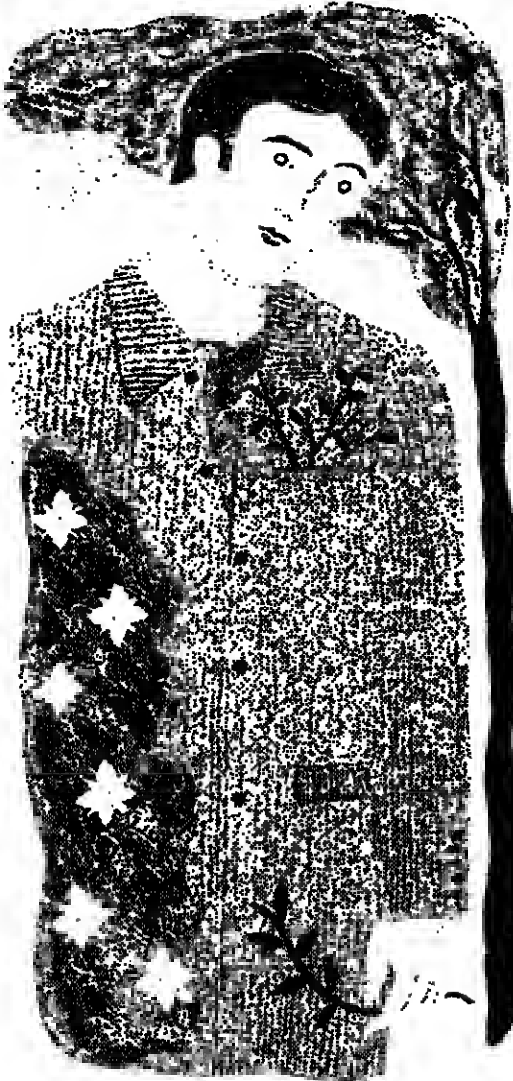
FASHION

WEEKEND FT XIII



Above: everything featured here is in 100 per cent cotton unless otherwise stated. Royal blue jacket, G.Gigi, £225; denim jacket (£270) and trousers (£285) by Richard James, £700 plus VAT if made to measure; yellow shirt from Richard James £38, also in lilac, blue, purple, green; silk tie, Richard James, £45. Below: donkey-coloured cotton two-piece suit from Paul Smith, £475; cotton slip-over, Paul Smith, £85, also available in cream and green; cotton T-shirt, £22. Right: two-piece beige suit, 65 per cent cotton 35 per cent rayon, £325; blue shirt, 80 per cent cotton, 10 per cent linen, £150; pure linen grey and navy tie dye waistcoat, £38; navy boating shoes, £49. All Emporio Armani.

Right: Green striped suit 95 per cent wool, 5 per cent nylon, trousers, £135, jacket, £270; green T-shirt all cotton, £22, available in nine colours. All Paul Smith. Far right: In 100 per cent cotton stone coloured jacket, £225 with matching trousers and waistcoat at £30 each; terracotta shirt, £70; navy boating shoes, Emporio Armani, £49.



■ Emporio Armani, 191 Brompton Road, London, SW3. Tel: 071-823-8818; 57/59 Long Acre, WC2, 071-817-8882
■ Richard James, 37a Savile Row, W1, 071-434-0605
■ Mark Powell, 28 D'Arbury St, 071-267-5488
■ Paul Smith, 41-44 Floral St, WC2, 071-379-7133
■ G.Gigi, 38-39 South Molton St, W1, 071-620-0659.

Suit yourself for summer

Christopher Brown looks at the styles and fabrics which look chic and cool on the hottest days

IN ENGLAND the summer suit is still a rarity. The Englishman views it as a purely practical necessity rather than an item to be enjoyed. Men should learn to enjoy wearing suits; they are, after all, the foundation of men's fashion. Over the past few decades the "designer suit" has been growing in status, gaining more caché than its bespoke relation and reaching a high-point in the 1980s. Style and taste came to be seen as something you could purchase along with everything else - and there is nothing wrong with that. In many ways it has proved a boon to tailors who are now visited by men who have some idea as to what they want and require in a suit.

If you buy "off the peg" you get a ready-made style. When you visit a tailor he works with you to interpret your ideas and to advise and guide you through the complexities of tailoring and fashion. One of the great advantages of having a suit made is the large selection of cloth to choose from.

Richard James delights in using wonderful fabrics - "all

British," he will proudly tell you. He has made a classic suit in denim, that most classless of fabrics, at the made to measure price of £750, plus VAT.

He excels not only in choice of fabric but also in use of colour, which is hardly surprising since he trained as an artist. Unlike Richard James, Mark Powell does not have a Savile Row address, his studio is up several flights of stairs in the heart of Soho. Do not be put off by the exterior for once inside you will find one of the most imaginative and skilled tailors in London. He will look after his clients' needs but also offers a strong personal signature so whatever suit you choose it will never be described as boring.

You could pick a suit in navy or grey wool for the office or in lightweight flannel to punt past the Stewards' Enclosure at Henley.

His tailoring is quintessentially English in cut and cloth, acknowledging classical tailoring skills but not being constrained by them. He has also developed a washable suit made of treated linen or cotton which is perfect for the man who travels a great deal. A two-piece starts at £450 and will take two to three weeks to make. If you feel uncomfortable visiting London's Bohemia then he will visit you at your office bringing with him fabric books, his portfolio and his charm.

Most men wear woollen suits made from cloth weighing 11 ounces which can, with the addition and subtraction of layers be worn throughout the year. For really lightweight suits, suitable for summer wear, 9oz or 10oz is preferable. Linen is a wonderful fabric but because it creases it is not really suitable for work, however it is perfect when worn in a casual manner and, like any summer suit, need not always be worn with a shirt and tie. They can be replaced by T-shirts, sweaters in fine cot-

too, or linen and waistcoats. Espadrilles or plimsolls taking the place of brogues to give a louche, between-the-wars, Riviera look.

The Italians have always been expert in the casual wear of suits. Giorgio Armani is a past master at this look. His Emporio collection not only offers suits ideal for the office but also for summer holidays. His suits have all the right fashion details and remain classics.

Another designer well worth looking at is Romeo Gigli, who creates "easy dressing" suits in 100 per cent linen, and in a linen/Lycra mix which does not crease. He also uses a fine summerweight wool and he chooses colours beautifully to complement his unstructured look. Linen suits can be bought as separates (jackets about £420, trousers, £150), the wool ones as a suit (from £600) and the *peau de peche* versions are also sold separately (jackets, £370, trousers £150). The range can be seen at the recently opened shop in South Molton Street, London, W1.

Romeo Gigli, it seems, is interested in promoting "the sensitivity of a man." In England it is Paul Smith who is sensitive to customers' needs. He has helped to keep alive the suit as an alternative to the jacket and trouser. The Floral Street shop is the perfect place to start your search for the summer suit and there are plenty of accessories, such as v-neck cotton slipovers, as well.

Whether you choose designer or bespoke, choose wisely. Do not be frightened of asking for advice. In England there is a short summer and the days when you need a real summer suit are few so the one you choose should be one you will really enjoy wearing for years to come. Above all, remember, not to dry clean your suit after just a few outings - it will knock the life out of it. Simply air the suit on a clothes line.

Let's hear it for hats

Jane Mulvagh shuns shades

SUNGLASSES are a sure sign that the temperature and human alienation are soaring. Armies of eyeless aliens hidden behind shatter-proof, glare-proof and people-proof glass suddenly hit the city streets.

Do you feel cut off from human response when struggling to communicate with someone whose eyes, the window to the soul, are curtained from you? Have they noticed you? Are they listening? Are you boring them? Have they lost their heart to you? Have they a heart at all?

Sunglasses simply strike me as bad manners. So, why not headwear instead? After all, England is the home of the hat.

You might argue that sunglasses are practical and glamorous. Well, not entirely. How many pairs have you lost? And is it really so glamorous to look like everyone else, a pale imitation of a Hollywood star feigning privacy behind such an attention-seeking fashion statement? Let's bring



a human face back to fashion and top it with a tiff.

Trimmed or untrimmed, the bigger the hat, the better. But you have to be shy to wear one.

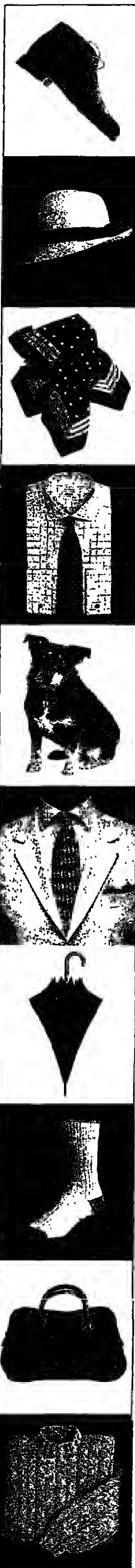
Shy? Let Philip Treacy, a fashionable London milliner, explain: "Lots of my customers wear a hat if they are going to a big event and they feel nervous. Yet nobody would know they were shy as they have this aesthetically pleasing thing attached to them."

A hat can not only counter shyness but can do wonders for a poor complexion. We have all suffered days when even a towel's worth of make-up fails to cover a bad skin. Try a shading and disguising hat instead and if things are really bad, a polka dot veil should do the trick!

A hat can replace an umbrella and you are far less likely to leave it behind. The Archbishop of Canterbury found his hat a useful storage spot when crowning George IV in 1821. When the monarch staggered up the aisle weighed down by his heavily-embroidered mantle on that steaming June day, he had used more than 20 silk handkerchiefs to mop his royal brow. He handed the sudden mass to the Archbishop who promptly popped them under his mitre.

Hats can be economical. One smart dress or suit can be transformed by using a variety of hats.

The hat has had a hard time ever since the majority of children stopped wearing them to school. The 1960s generation dropped them in favour of hair-dos. Now, in typical defiance of their parents, today's young love hats. In America they are the rage. Saks on Fifth Avenue, New York, has recorded a 300 per cent increase in millinery sales during the past year.



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A wonderful workshop

SOME OF YOU may be wondering how the Browns/FT fashion workshops went. Well, they seemed to be a huge success. In the end we held two as the first was over-subscribed by the first post. For me it was lovely to meet so many readers - and it was particularly rewarding that so many came from outside London. Everybody I spoke to enjoyed seeing what some of our designers are up to, to see just how a fine jacket can be made to work for its price-tag and how a suit can be worn in many different moods. It was extraordinary to hear so many lovely women say that they felt so confident

about their wardrobes, but it was good to feel that we gave them the confidence to experiment. The clothes were shown on the Browns' staff who, like women everywhere, came short and tall, skinny and Junoesque - but all looked terrific. This, we hope, is what the evening did - encouraged every woman there to find her own style and to realise that perfect bodies exist only in glossy magazines. The rest of us can look good, too. We may do it again this autumn - and possibly something for the chaps - so watch this space.

Lucia van der Post

SPORT

Cricket/Teresa McLean

Forward from the ruins

I SHARED a taxi from the station to Lord's with three people I had seen at a county match but did not know. They wanted to cut their losses on fares, if not results. They knew England were going to lose. We all knew that, before the match started. What kept us deep in discussion was the nature of the loss and the changes it might prompt. We planned a new future for English cricket.

One of the few virtues of watching Test cricket in England now is that it makes you look forward, not back. For the selectors to go back in time of trouble to ageing players such as Mike Gatting and Neil Foster is a stop-gap move with no long-term point. It is not part of a clear policy. We agreed on that, inspiring our driver to declare: "We need a really crushing defeat, a total wipe-the-floor, smashed-to-bits, down-and-out defeat." He warmed to the topic. "Then we can get young blood in the team. That's our only hope."

All the prescriptions offered were our "only hope." Youth. Botham, a new system of cricket organisation, no more Essex, no more foreigners, a better captain - each of these was put forward. The media sees a new spirit as the key to success, but that begs the question. Of

course confidence and aggression would help England win, as they have helped Australia so far, but England are unlikely to acquire these qualities without a win. I think perhaps a county win over the Australians might help, stripping the emperor of some of the clothes with which English ineptitude has adorned him. On England's part, something should be seen to be done to create a climate of initiative, never one of the cricketing establishment's strong points.

Chris Lewis came out of the winter tour to India with more credit than most, but looks now to have been allowed simply to stay in the team rather than being selected to fight Australia. Nor has Robin Smith done much recently to keep his place. A sort of mental ailment seems to infect all who join the Test management

squad, numbing their perception and sense of purpose.

It has infected the once-cavalier chairman of selectors, Ted Dexter, and the once-wily team manager Keith Fletcher, who is in decline along with his team. Take Lewis again. He is a superb fielder but dropped a straight catch off David Boon (then 77) with the air of someone who felt it was hardly worth going for broke because it would not change the result, likewise his suicidal batting just before lunch in England's second innings.

The trouncing at Lord's has worsened this feeling of being pre-destined to lose, and the taxi driver might be right that the only hope is a massive shake-up. It should start with the opening bowlers and batsmen. They do more than set the scene; they grasp the game as soon as it begins.

England were already defeated when they walked out to bat after Australia declared at 633 for four. That is why Mike Atherton's 90 and 99 were so impressive - they were solitary, heroic, and against all odds. Indeed, in the quiet glades of unofficial gambling at Lord's, someone told me that, after the declaration, he had offered odds of 10,000/1 against England winning - but there were no takers. An English victory was beyond a bet; it was a fantasy. Once they had failed to break through Australia's opening partnership, they had lost the game.

Leaving aside the serried ranks of England's first-change bowling talent, a penetrating opening pair is crucial. But where to find them? Devon Malcolm is sometimes wayward but does at least bowl fast; if nothing else, that should have novelty value. So might Kent's Mark Nott, who, while only fast-medium, is a left-armed. Or Surrey's Martin Bicknell, who can swing the ball late. Speed and swing have been missing noticeably from England's bowling lately.

Where opening batsmen are concerned, the irony is that there is a positive traffic jam of them on the county circuit. As a pair, skipper Graham Gooch and Atherton have lost the rhythm with which once they opened the English innings; and, if Gooch retires soon or stands down as opener, the selectors may be inclined towards replacing him with Alec Stewart. Yet, this would not be a strong choice although he does need to be relieved of the ill-fitting burden of wicket-keeping.

With more enterprise, they could choose another left-handed Kentishman in Mark Benson; Derbyshire's Peter Bowler, or Somerset's Mark Latham, who has become a symbol of young and dashing cricket (the sort that tends to make the selectors look like a gang of agoraphobic godfathers). Mike Slater had less experience of first-class cricket than Latham when he and Mark Taylor destroyed England with their opening 260 at Lord's. He was pleased to be chosen for this (his first) Test series, but not unduly surprised. Clutching a beer afterwards, he beamed and shrugged. "I felt good. The pitch felt good. Why not do well?" Try telling that to an English cricketer just now.

I am glad Gooch is to stay in charge for the third Test at Trent Bridge, in defiance of Australian predictions and after his splendid batting performance in the first at Old Trafford. In the long term, though, I favour one of the thoughtful breed of captains - like Ray Illingworth or Fletcher - skilled at getting the most out of the least. I could be wrong, but my instinct inclines towards someone like Yorkshire's Martin Moxon rather than, say, the hard-bitten, straightforward Hugh Morris, skipper of Glamorgan. Interesting candidates will be easier to assess at the end of the season. Rather the selectors than me.

Tennis

Britain's men shine in the sun

ANDRE Agassi's body hair - or the mysterious lack of it - and Steffi Graf's security problems seemed to dominate the headlines during a busy and wonderfully sunny first week at Wimbledon where, for a few glorious moments, the British men at last distinguished themselves.

Inspired perhaps by the exploits of Jeremy Bates last year, Andrew Foster and Chris Wilkinson went through to the third round while Mark Petchey and Chris Bailey failed gloriously against two of the higher ranked men.

Foster, a lanky 21-year-old who has benefitted from the new LTA coaching structure, first beat Thomas Enqvist of Sweden, the 1991 Wimbledon junior champion, in five sets. That was an impressive performance for a man ranked 329 in the world who had recently changed his double-handed backhand for a single-handed stroke. Then, with his coach John Paish at court-side, Foster scored a straight sets win over Mexico's Luis Herrera who last year had ended the distinguished career of Jimmy Connors on his way to the third round.

"That's probably as well as I've ever played. It's certainly the best I've ever concen-

trated," said Foster. Wilkinson made the most of a fortunate draw and an affinity with grass to beat first Argentina's Daniel Orsanic, who was bred on clay, and then the qualifier from Canada, Sebastien Larau. Ranked 187 in the world, 42 places below Wilkinson.

John Barrett on a better showing by the hosts at Wimbledon

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Wilkinson, who had beaten Goran Ivanisevic at the Queen's Club tournament two weeks ago, is undaunted by the prospect of facing the tournament's No 2 seed, Stefan Edberg this afternoon.

"I'm playing well enough to beat anyone," he said confidently. Eyebrows were raised when he added "I'm only thinking about winning the tournament." He has yet to learn that there is a fine line between confidence and arrogance.

Both Petchey and Bailey can count themselves unlucky not to have joined Foster and Wilkinson in the fourth round. Both competed with great courage to create winning chances that slipped through their fingers.

Petchey, who lives in Lough-

ton, was cheered by an army of supporters from Essex on Court No 13 as he raised hopes of a first big upset. With some aggressive serve-and-volley play Petchey built a two sets to one lead against Jakob Hasek, the Czech-born Swiss No 2 who not so long ago had been ranked No 7 in the world. Hasek swept through the fourth set 6-2 as Petchey seemed to be firing but faced a match point on his serve in the 12th game of the fifth as the Essex man regained the initiative. Hasek is notoriously erratic on serve and with a propensity to choke at crucial moments but he remained frustratingly cool and delivered an unplayable serve. He then broke to lead 9-8 with some punishing returns and duly held again to complete his 7-6 4-6 6-7 6-2 10-8 win.

It was all very disappointing for the 223 ranked Petchey who said: "I'm gutted. He was there for the taking. I felt I played a good match. But we've got to build on this and take it from here by getting some of our players into the top 100."

At least Petchey had justified the award of a wild card. If he can take this commitment with him on the tournaments of the ATP Tour then he will surely reach that standard.

The real drama came late in the day on the Centre Court. Chris Bailey, a 6 ft 5 in giant from Norwich, faced the No 5 seed Ivanisevic who had come within two points of winning last year's Wimbledon final against Agassi. On the face of it the Briton had little chance against the fastest server in men's tennis who last year delivered 206 aces during his seven matches on the Wimbledon lawns.

Only four years ago Bailey's career had been threatened when he had snapped the anterior cruciate ligament in one of his knees. It cost him two years. Yet after two operations and months of physical rehabilitation, he looked once more like the promising 21-year-old who had reached the Queen's quarter-finals in 1989.

Such was Bailey's athletic commitment and skill in the forecourt - particularly on the first volley - that he had Ivanisevic in despair. To the delight of the shamelessly supportive Centre Court crowd Bailey took a two sets to one lead. Leading two games to nil and 30-0 on his serve in the fourth set he attempted one of those delicate forehead stop volleys that are always dangerous. In missing it Bailey lost an edge of confidence and conceded his serve for the first time in the match. It was the turning point. Bailey lost his serve again immediately as Ivanisevic regained his composure and levelled at two sets all.

The final set boiled to a thrilling climax as Bailey, refusing to be intimidated by some fierce left-handed serves and flashing passes down the lines, broke first. But, as in the fourth set, he at once allowed his own delivery to be broken by missing with his first serves and not keeping the second balls deep enough. Nevertheless, to the delight of his frenzied supporters, he nosed ahead 6-5. He then



Alone on Centre Court: Bailey after his 215-minute five-set defeat to No 5 seed Ivanisevic on Thursday

played the game of his life and earned a match point on the Croatian with a searing backhand. After a fault Ivanisevic unleashed a huge second serve that struck the net and bounced in. A let. On the replay Ivanisevic hit an even faster one down the middle line - his 32nd ace. It was the act of a desperate man and, for Bailey, a cruel blow.

Ivanisevic went on to break

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Sailing

The dinosaurs may still rule the world

ONE OF the problems of predicting form in the Whitbread race is that nothing else replicates the gruelling conditions and length of a 32,000-mile contest around the world. Fast off the Needles may mean nothing off Cape Horn.

Nevertheless, a number of the Whitbread entries were keen to shape up against one another in the recent UAP Round Europe race. Another clutch leaves the US on Saturday in the New York-Southampton race. This event will match the British youth/disabled crew of *Dolphin* against the wily grand master, Dennis Conner, at the helm of his money-no-object entry *Winston*.

Also in that fleet will be the *US Women's Challenge* led by Nance Frank. She actually turned back on the start-line of the 1989-90 Whitbread because of lack of funds. This time, following the example of *Maiden* four years ago, sponsors have been found for a women's crew. No one now doubts the ability of the distaff side, fore or aft of the mast.

A topic of impassioned debate is whether the new Whitbread 60 class of water-ballasted mono-hulls will prove faster than the 30 per cent larger IOR maxis they are to race against. Although the classes are separate, skippers who have chosen the newer boats are itching to show they can beat the "dinosaurs" around the world.

Three maxis entered the Round Europe and three W60s. Although the data is incomplete, both designers and sailors were agreed that the bigger yachts should be quicker upwind and in the lighter airs. When the breeze goes aft and freshens up a little, one maxi skipper, Lawrie Smith of *Fortuna*, believes the W60s could be up to 100 miles a day (or 30 per cent) faster.

The third leg of the Round Europe from Cherbourg to Rotterdam looked set to be a perfect test of maxis against W60s. A southerly breeze was solid from the south-south-west, giving a high-speed reach up Channel to the Low Countries.

Grant Dalton, skipper of the maxi *New Zealand Endeavour*, said before the start: "If the W60s are ever going to prove they can be faster than the maxis, today is the day." Dalton, an experienced Kiwi who skippered *Fisher & Paykel* in the race four years ago, is said to have spent \$50,000 (\$25,000) with designer Bruce Farr simply for a detailed study on which type of yacht would prove quicker around the globe track.

Aboard the W60s off Cherbourg that sunny morning, there was a similar mood of anticipation. *Intrum Justitia* crew member Gunnar Krantz said: "For the first time ever, we will really be able to see the potential speeds of the W60s, which I'm sure will give the



Maxis and W60s sail from Cherbourg in the UAP Round Europe Race

maxi class a run for its money."

Heading east from the Cherbourg peninsula, a Spanish W60, *Gatica 93 Pescanova*, took an early lead but was overtaken during the first night by *Intrum Justitia*. However, as the wind died away on the 250-mile leg, the maxi yachts, with their vastly bigger sail plan, were able to take the lead.

The first three yachts into

Keith Wheatley looks at the battle between two types of giant yacht

Rotterdam were the maxi-ketches *NZ Endeavour*, *Merit Cup* and *La Poste*, with only 18 minutes separating first and third. *Intrum Justitia* was the leading W60, just 66 minutes behind the Kiwis.

Dalton went on to win the Round Europe overall. "It has been like a mini-Whitbread," he said. "The racing between the maxis has been so close. We are so similar that I think this Whitbread will see the closest racing there has ever been, in both classes."

Among the W60s, there was quiet confidence. *Gatica*, winner of the smaller division of the Round Europe, was launched only two weeks before the start and its crew had never sailed together before the delivery trip from Vigo to La Rochelle. The yacht was far from optimised but had delivered excellent speed "right out of the box." The same was true for *Intrum Justitia* although the Italian W60, *Brooksfield*, was off the pace and is to be modified.

In the southern hemisphere, meanwhile, Chris Dickson - the young skipper who so

heavily won the America's Cup for New Zealand six years ago - has finalised the strategy for his first Whitbread. Dickson has been running a two-boat testing programme for the past three months.

After thousands of miles of racing between his boats, Dickson has chosen the Farr design from his duo. Farr, an expatriate Kiwi who lives on the US east coast, has had more victories in the 20-year history of the Whitbread than any other designer. It will be christened *Tokio* in deference to the consortium of Japanese businesses that have financed Dickson.

The second boat, developed by West Australian naval architect John Swarbrick, was no dog; indeed, it was favoured by some Dickson crewmen and a number of serious buyers have been looking at it. "It was a very tough decision," said Dickson, from Auckland. "Both boats had been optimised and are close to their full potential."

"I would have been happy to do the race in either one of them. The decision was taken with an open mind, purely on the basis of scientific performance tests."

Perhaps, top sailors are instinctively a conservative bunch and have a history of shunning radical boats in favour of one that looks like last year's winner. The British team led by Harold Cudmore did just that in the 1986-87 America's Cup, preferring the classic (but slow) *White Crusader* to David Holloin's developmental 12-metre.

Swarbrick has been the bridesmaid before. In 1987, the *Kookaburra* syndicate, which defended the cup for Australia against Conner, rejected Swarbrick's boat in favour of a more cautious approach from skipper Iain Murray. *Stars & Stripes* won "four-ship" (as Conner would say) and the Audi Mug went to San Diego.

"LET'S face it," a sports agent once told me. "Women's sport is about sex first, performance second."

In European golf, particularly in Britain, the prejudices are nursery school and public school in equal measure. This means three supremely talented players are almost unknown. Jack Nicklaus could be fat and famous. But Helen Alfredsson, Laura Davies and Trish Johnson need to play like Hogan and look like Madonna. Is the deft and devious mind of an agent truly unable to sell mere skill and personality? Will his next-of-kin, the sponsor, really not buy it?

When it comes to Alfie, Laura and Trish, perhaps personality is a polite way of putting it. Each is blessed with charm, tenacity and vulnerability, but they are all highly competitive and live as fiercely as they play.

The facts that these three Europeans (who play this weekend at the BMW Euro-

pean Masters at Golf du Bercuit, just outside Brussels) are all in the US LPGA Tour top ten and all played in Europe's drubbing of the crabby, ungracious Americans in last year's Solheim Cup is of interest only to a faithful handful.

Alfredsson, 38, spent her youth in stilet-

tos as often as spikes. She was a catwalk model in Paris. But she gave that up: "It was a meat market. It was just make-up, calories and drugs. And I got out of it fast. Now I wear long shorts to hide my cellulite."

She trained in Sweden's elite golfing academy, before going to college in San

Diego. There she was twice banished from the golf team and went off with the soccer coach, Leo Cuellar. Cuellar, a former Mexican footballer, is now her fiance. "We play many games together, but whether it's backgammon or cards, we have to beat the hell out of each other," she says.

To Alfredsson quitting is anathema, tantrums occasional. Spectators like her tantrums. They can be louder and more richly worded than many of Lenny Bruce's best performances. Last year she was America's rookie of the year. This year, she has already won their first major, the Nabisco Dinah Shore.

Davies has become accepted in British sporting circles less because she won the British and US Opens of 1986 and 1987 respectively than because she is far more knowledgeable than most of the men on the television quiz *A Question of Sport*.

Her golf game is built on instinct and gargantuan power. And no coach. She continues to support the European circuit in spite of its disastrous management history. During tournaments she organises football and cricket matches. And plays in them. (You can just imagine Nick Faldo doing that. What would his personal fitness trainer say?) She is a mediocre spin

bowler, a sterling bat and a bit like Niall Quinn, the gangling Irish striker.

She says: "I like a gamble. I like driving cars too fast. I love sport. Any sport."

Talk to her about football, for example, and you get neither ignorance nor platitudes. Rather: "Graham Taylor is a prat. I lost all respect for him when he dropped Chris Waddle. And you can quote me."

This sort of outspokenness gives agents hypertension.

Johnson, Davies' 27-year-old partner in cricket and crime on tour, finally found recognition this year by winning two consecutive US tournament. Her long game is

less spectacular than either Davies' and Alfredsson's, but from 80 yards or less she is deadly. At last year's European Masters she was unwise enough to have me caddy for her, when her regular valet was stranded in the US. Her concentration, dedication and shot-making are on a par with, say, Vijay Singh on the men's tour.

But I bet Vijay does not drive to the course like Trish. She became intolerant of Belgian traffic and every morning for six days insisted on driving the wrong side of the road. This was not a little bit of oversteering. This was stretches of up to a kilometre at 120km an hour.

Johnson, Davies and Alfredsson, like to live a little. They are throwbacks to the days before golfers played to earn rather than to win. They play for love first, money second. They play for a win, not a place. A game populated by a thousand clones of Scott Simpson ought to be grateful.

Golf/Chris Matyszczyk

Europe's unsung women drivers

TRAVEL

Guns 'n' pagodas: two faces of Burma

Simon Davies lets the train take the strain in an effort to see an area which foreigners are not encouraged to visit

THE temple-bells are callin', an' it's there that I would be -
By the old Moulmein Pagoda,
looking lazy at the sea.

- Rudyard Kipling

SADLY, the shrugged shoulders of Burmese officialdom told me that a modern-day Kipling would have to stay put in Rangoon.

Moulmein is the largest city of southern Burma, and during the colonial days its port teemed with vessels laden with teak and rubber heading for the four corners of the empire. Foreigners have long been kept away from the area, as the government has been determined to segregate them from the disgruntled minority Mon and Karen inhabitants. However, the combination of a government campaign to procure tourist dollars and a lot of persistence eventually won me a ticket for the Moulmein Express.

Trains are the most sensible form of transport in Burma, given the poor state of the roads and the track record of its airline. I was disappointed to find that Rangoon's grand post-colonial station, with its combination of Victorian awnings and Burmese towers, was actually orderly, a barbed wire fence separated hang-ers-on from the comparatively modern Korean train that awaited.

The train departed on time, and there was an immediate change in atmosphere. A parade of turbaned caterers wearing the ubiquitous flip-flops and Burmese *longyi* (an extended towel with a myriad of patterns, which is wrapped around the waist), marched through the carriage offering anything from what looked like barbecued sparrows to a palatable chicken curry.

"Burmese people are always eating. Their problem is not that they are hungry, it is that they have little money and no freedom," a man confided in Rangoon. It became immediately evident that starvation was not going to be a problem. Nor was isolation. Through-out Burma one reads govern-



Good friends: the smiling face of a troubled country

ment slogans on billboards proclaiming: "Love your Motherland, Respect the Law", or: "Only with Discipline can there be Progress", but this seems to have had little effect on the open and friendly temperament of the people.

The train wound its way

around the delta of the Sittang River, and then southwards. Village stations had a festive air, in spite of the wire fencing. Baskets of chrysanthemums, or earthenware pots of water, were balanced on heads and presented through the train window, as the platforms

became market places on our arrival.

The girls all had patterns marked on their faces with a mud-like paste, which I assumed to have some religious significance. I was informed, however, that it is the local form of make-up,

made from a mix of bark and water. "Very beautiful. Only lazy women don't wear it", a trishaw driver told me later.

The journey was punctuated by the inevitable one-hour delay for locomotive repair. After 10 hours of paddy fields, pagodas and searing heat, the express train pulled through a breaker's yard for old British steam engines, and drew to a halt at Mariaban. Across the Salween river, Moulmein lay shimmering, dominated by its old pagoda on the hill above the town.

Within minutes of arrival, I was accosted by an excited immigration officer in a cowboy hat, who took me to the top of a two-tier British ferry and insisted that I fill in all manner of forms, which occu-

pied the 20-minute crossing to the town.

He was most concerned that I should not leave the city centre, since it was surrounded by "black zones", where he said I might be shot at. After making numerous promises, and being introduced to his boss, I was then escorted to the Number 8 Guest House.

The cowboy proudly pointed out that I would be sharing this with a famous Rangoon pop band called Aurora, but the biggest landmark now is the town's fortress-like prison. A Burmese whispered that it holds more than 5,000 people, many of them political prisoners.

The elephants had gone, but little else can have changed. I looked over a line of busy jun-

villages to see a pagoda resulted in my being taken on an escorted tour by the village headman, with 100 waving people parading behind.

The focus of the city, which has a population of around 200,000, is its old Kyaikthanlan pagoda, which lies behind the town on a ridge of hills running parallel to the river.

The soldier in Kipling's poem *Mandalay* looked down from here upon "elephants a-pilin teak". As a sign of the times, the biggest landmark now is the town's fortress-like prison. A Burmese whispered that it holds more than 5,000 people, many of them political prisoners.

The elephants had gone, but little else can have changed. I looked over a line of busy jun-

gle-covered hills all topped with white pagodas, acres of lush palm trees, and a river crowded with small wooden sailing junks and old steamers. The pagoda was full of young monks playing hide-and-seek in their deep red robes, and schoolgirls chattering. There was not much meditation.

One of the temples around the base of the bell-shaped golden pagoda even contained a small merry-go-round, with flashing lights and statues of Buddhas holding out bowls. The aim was to throw notes into the bowls. The winners earn merit, and one step further in the direction of Nirvana. I missed.

The high ground above Moulmein definitely belongs to Buddha, with pagodas marking every hill top. But surprisingly, the town itself appears to have become the territory of Islam.

The Indians, who were brought over from the British Raj to work the teak plantations in the late 19th century, have built a massive twin-towered mosque in the centre, and their presence was noticeable throughout.

The houses along the high street were wooden-fronted, with bright colours contrasting with black wrought-iron balconies, and the streets were crowded with bullock carts and ancient buses. There were only two obvious concessions to a post-colonial era: a gun-boat on the Salween River and a comparatively modern cinema, showing the film *Costa Killa*.

The town's major focus is the covered market, stacked with cheap Chinese-made goods. The demand for western goods became painfully apparent when someone started negotiating a price for the shirt I was wearing.

I set off for Kyaikto, to see the famous golden pagoda. The Kyaikto pagoda is only 5ft high, but it is built on a giant gold-leaf-coated boulder which looks as though it should roll off the cliff on which it is perched.

The reason it does not, legend has it, is because it is held up by a hair of the Buddha. For this reason, the four-hour hike up a steep incline is the Burmese equivalent of the Canterbury pilgrimage.

An 88-year-old hiker assured me that I would gain significant merit from the ascent. What he could not explain was why all the stores along the path sold bamboo rocket launchers and guns, with the inscription "Rangoon" as toys for the children. My memories of Burma are of smiling faces, golden pagodas - and guns.

And the Wurlitzer plays on

IT SOUNDS an unprepos- sessing address for a shrine, 706 Union Avenue. But Sun Studio, a modest two-storey brownstone building in downtown Memphis, Tennessee, has a better claim than anywhere to be the place where rock 'n' roll began.

The Elvis legend started there in 1953 when the 18-year-old truck-driver with sideburns made a demo record in Sam Phillips' tiny Sun Studio. Sun Studio is now back in the recording business after a neglected period as a garage and a barber shop. It is a guaranteed crowd-puller, and I paid \$4 for the tour. The plastic lights and battered acoustic tiles are the same as 40 years ago. The control booth has been modernised to accommodate the likes of Oz and Ringo Starr, but the intimate atmosphere that produced the breathless, shivering sounds of early Elvis remains intact.

Period instruments lie on the studio floor, and I clutched the same upright microphone that Presley used. The humble Sun Studio café next door provides the best hamburgers in Memphis, a remarkable Dixie fried banana pie, and a Wurlitzer that only plays Sun singles. Memphis and music are intertwined: the historic Beale Street area has been restored, with plenty of restaurants and music venues, but the raffish reputation of the 1920s, when Jug bands and gambling joints were everywhere, has almost disappeared. BB King's blues club had some fine raw soul music the night I went. It also had 100 convention-going Tennessee realtors.

Memphis is rightly proud of its musical heritage, but it is also the home of America's first Civil Rights Museum. The Lorraine Motel, the site of Martin Luther King's assassination in 1968, has been converted into a powerful museum of interpretive exhibits that bring to life the story of the civil rights movement from the 1850s to the present. Martin Luther King's room has been preserved exactly as it was when he was shot on an upper balcony.

It is jarring to cross town to Elvis Presley Boulevard on the same day and see Graceland, Presley's home from 1957 until his death. Around 700,000 people tour this 1930s southern-style mansion each year. Only the White House has more visitors. For \$7.95 you get a strictly guided tour. The iron gates are decorated with musical notes and the graffiti of thousands of fans.

The guides are a mine of information as they convey you around the two lower levels of the house (Elvis's aunt still lives upstairs). "This grand piano is covered in gold leaf - a present from Priscilla," says Sharonda as we gaze across the roped-off living room. The white leather sofas are long enough to accommo-

date a football team and the Jungle Room is decked like an Hawaiian cocktail. The Trophy Room catalogues Elvis's career: scores of stage costumes, 300 gold and platinum records, school reports, letters from presidents.

Outside, the guitar-shaped swimming pool and a private shooting gallery indicate how Elvis was imprisoned within his own fantasy. An English devotee next to me knelt down to pick up some garden leaves and murmured: "What a souvenir - genuine Graceland leaves." The tour ends in the Meditation Garden where Elvis is buried between his parents.

The eternal flame on his bronze gravestone is surrounded by guitar-shaped wreaths and tributes freshly placed by fans. "Elvis, the most beautiful star in the sky. Love from Kiki and Roberto." It is a three-hour drive along Interstate 40 from West Tennessee to Nashville, a sprawling, amiable city dominated by music. Every waitress seems to be an aspiring Patsy, Tammy or Dolly. Songwriters advertise their wares on telegraph poles: "Doug Rehm has NEW SONGS for consideration". Businessmen who have nothing to do with music are knowledgeable about the new country stars like Alan Jackson and Reba McEntire.

Over 200 recording studios and music publishers are scattered around Nashville, but the heartland is along Music Row on 16th Avenue where the Country Music Hall of Fame has exhibits and artefacts. It traces the development of different strands of country music with films and videos, original instruments and manuscripts.

Nearby is RCA's legendary Studio B where Elvis recorded 260 songs over 20 years. We gazed at the battered recording console which mixed his songs, as well as those of Jim Reeves, Roy Orbison, the Everlys and Dolly Parton.

Back on the highway we headed south-east to pay tribute to two other Tennessee landmarks - Jack Daniel's distillery and Chattanooga. Mister Jack put a small village called Lynchburg on the map in the 1830s when he began distilling his unique "sour mash" with the help of a spring water stream and charcoal filtering. Paradoxically, Lynchburg is a "dry area": our guide warned us at the start of our walk round the distillery that it would be a "sniffing, not a drinking tour."

We snelt the vats, we saw the iron-free spring water and the whiskey seeping drop by drop through the maplewood charcoal. We even saw hillside

warehouses packed with 47m gallons of Jack Daniel's. But there was not a drop to drink until we crossed the county line, seven miles away.

Further east, Chattanooga sprawls along the Moccasin Bend of the Tennessee River at the foot of Lookout Mountain. The Chattanooga Choo-Choo, Track 29 and the terminal station are all now part of a Holiday Inn complex: restored railway sleeping cars have become restaurants.

Ten miles south of the city, America's oldest national military park at Chickamauga commemorates the bloodiest battle of the Civil War in 1863, when Union and Confederate armies fought to gain control of the key rail centre of Chattanooga with the loss of 35,000 lives. Even today bullets are sometimes found in the dense woodland and undergrowth.

Finally, I needed no urging to travel on to East Tennessee where the Great Smoky Mountains straddle the border with North Carolina for 60 miles. The bluish mist which clings to the mountainsides and gave the peaks their name is tinting increasingly grey because of pollution, but the Smokies have earned their title of the "crown jewels of the Appalachians" because of the exceptional variety of trees, flowers and wildlife in this superb national park.

If you find a traffic hold-up on a mountain road here, it is almost certain to be the result of a "bear jam": 500 black bears live in the park and tourists leap out of their cars to snap them whenever they appear among the greenery.

Richard Gilbert
Richard Gilbert travelled with American Airlines Holidays, which offers various flexible fly-drive packages to Nashville on scheduled flights from Heathrow, Gatwick, Stansted, Manchester and Glasgow via Chicago or Dallas. Information: tel: 081-572-7878.



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TRAVEL

Calvados and Breton pipes

Chris Eales feasts on Celtic music and masses of Muscadet in Brittany

MYSTERICIOUSLY, the pedal of my bike snapped right outside Jean-Michel Veillon's cottage.

He is a neighbour in Pluzunet, a tiny, lively village on Brittany's Côte d'Armor and one hour's drive south-east of Roscoff.

He is also one of the finest flute players in the whole of this Celtic corner of France. As we sipped powerful calvados made from local apples, Jean-Michel mentioned a musical happening. He called it a *boeuf*, a free feast of Celtic music offered casually by local musicians who sit and play right through the night in the bar.

But which bar and when? It was confirmed later by Olivier, the *boulangier*, whom I met as I pushed my disabled bike through the village square. The *boeuf* would be in Pluzunet itself, that very Saturday night. Oliver did not know which bar but there are only two and the respective landladies agree not to open at the same time.

I ended up, some time after 10pm, in L'Ecluse, *chez Françoise*. You could stumble on a *boeuf* in any number of bars on the Côte d'Armor, indeed throughout the far western regions of Brittany. Ever since the British Celts arrived in the 6th century, the French influence has been clawing and creeping westward. But here, at a safe distance from Paris, the maestros perform a friendly Celtic combination, stopping only occasionally to down a demi. Lively fiddle, violin, binou (a Breton bagpipe), clarinet and Irish drum blend with sweet, soothing melodies of flute and acoustic guitar.

Often, Irish singers accompany Bretons and together they bring emotive rural tales of times past to life. Oddly, L'Ecluse was quiet when I arrived. I was not in the wrong place; Françoise told me that the musicians had been due an hour-and-a-half earlier.

None of the regulars appeared bothered. A couple of ruddy-faced farmers were happily knocking back glasses of red and the man who is always there was there. He wore his normal glazed expression unbroken by curling smoke from a yellow Gilane wedged between his lips.

No *boeuf*? I asked. "Ah, *peut-être*," they said. I decided to linger. Conversation turned to Pluzunet's last musical event, a *super fest-noz* in the Salles des Fêtes where 600 people had danced the night away a week earlier.

A *fest-noz* - night festival - is a mesmerising experience. More than entertainment, it is in the soul of village life in western and central Brittany. Local papers and posters tell of at least one *fest-noz* in their area every week at any time of the year. People dance all night in huge circles, linked only by their hands, arms or little fingers, stepping intricate movements in perfect rhythm to rousing music.

Breton professors think that the *plinn*, a simple round dance, was probably a pagan sun ritual. The incredible foot movements developed from the way in which neighbours helped flatter wheat and stamp smooth the earth floors of primitive stone houses.

Now, as then, singers, of all ages, sometimes children, even farmers in their 80s,



Brittany: after the beach, try a *fest-noz*, or night festival, for a mesmerising experience

chant unaccompanied in Breton, an ancient language, tales of love, witchcraft and of songs gone to sea.

Young musicians add spice by mixing funky electric guitar and bass with traditional Celtic instruments. Flushed dancers can buy cider, *coreff* (the local brew), wine and crêpes until the early hours.

In the summer, the *fest-noz* moves outside to the splendid grounds of ancient *châteaux*, chapel courtyards and village squares. In the middle of August last year

I drove 15 minutes north from Pluzunet to the rugged coast at Tregastel, to a sailing spectacle where Breton jazz and rock groups played on the quay side.

It is an annual event. People camp on the beach. Most let their hair down and dance to the music or consume vast amounts of inexpensive Muscadet and *moules marinières*. Enthusiastic sailors compete in a test of endurance.

The highest Celtic music event in Brittany, at Lorient, in Finistère, on the

south-west coast, is worth visiting. Thousands descend on the city between August 6-15 to indulge in an orgy of music and a feast of *charcuterie, saucisson, soupe de poisson, galettes, crêpes* and *moules*.

I had been right to finger with a demi in L'Ecluse. At midnight, the bar was beginning to fill up and I had spotted L'Écluse, a local musician, at the bar. Suddenly he began to chant in Breton. The bar fell silent as he recounted a sobering tale of a son from the neighbouring village

of Cavan who returned to his dying mother after years at sea.

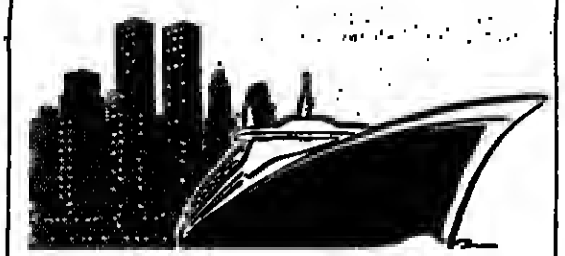
Then a flautist appeared, a guitarist and a drummer. The *boeuf* had begun.

■ A summer school of traditional Breton and Irish dancing at Mantallot, 15km from the northern coast of Brittany, will arrange accommodation and food as well as dancing lessons, walks, and story-telling evenings. Details: write to Kanfarant ar Vilin Gzh, Mairie, Mantallot, France 22450. Tel: (010) 33 96 35 89 84.

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PROPERTY

The lasting appeal of a country cottage

Gerald Cadogan explains why they remain at a premium

HOW DO you view cottages? As places of rural romance for weekenders to shake off the city's smoke and roar? Or as dark, damp and draughty country slums with outside lavatories, pumps for water, and smoky, decrepit cooking ranges?

Both views can be true; yet, even at worst, the dream factor in cottages remains. To many people, there is enormous appeal in going to the local market to buy home-made jam and cakes from the Women's Institute stall, or to the pub for bitter beer and rustic wisdom distilled over centuries. Mix in village cricket matches and hollyhocks in the garden and you see why people pay a premium for such homes.

Take Lilac Cottage in Henham Road, Elsenham, Hertfordshire, described as "a 16th century cottage overlooking the village cricket field." Listed grade II, and with two (or three) bedrooms, it is offered by Mullucks Wells for £155,000.

A recent survey prepared by the PR Department, which represents estate agents in the home counties, reveals that the cottage market is picking up, especially in Surrey and Sussex; indeed, there are more inquiries from possible buyers than cottages for sale. "Many potential vendors are waiting to see whether

prices will rise," says David Bedford, of estate agent Bedford. The survey found that while buyers tend towards cottages in good condition or needing a minimum of work, the unregenerate cottage has not vanished altogether. For centuries, these were the homes of the rural poor; and while many have been refurbished, plenty survive as the vernacular architecture of the countryside, using the different local materials.

Two important criteria for buying a cottage are its location (the further from London, generally the cheaper) and what it is made of. Are you willing to renew the thatch regularly, or will you choose one with a tile or slate roof?

If you are looking for thatch and pink paint, Mullucks Wells offers Chaucer Cottage at Cherry Green, near Bishop's Stortford in Hertfordshire, for £138,500 while Bedford has Fir Cottage at Hengrave, near Bury St Edmunds in Suffolk, for £159,500.

Also pink and thatched is Roundham Lodge, a gem of a Victorian Gothic cottage with lancet windows, flint chimney stacks and rusticated woodwork supporting the projecting eaves. Listed grade II, with three bedrooms, it belonged to a big house near Norwich and costs around £79,000 from Savills.

In brick, Bedford is selling the

straightforward two-up, two-down Oak Cottage at Rougham, near Bury St Edmunds, for £29,000 and a 1967-built thatched cottage called Bridge House at Dalham, near Newmarket, for £120,000. Overlooking the green at Blackmore End, near Braintree in Essex, is Mission Cottage, the old mission hall; £145,000 from Mullucks Wells.

To buy in southern counties costs more. In Hampshire, Lane Fox in Winchester is selling Rose Cottage at Cheriton, near Alresford, for £245,000 while its Basingstoke office has Blagrove Cottage at nearby Up Nately for £200,000. Both are timbered, thatched and listed.

In Surrey, Browns in Cranleigh offers the brick, stone and hung-tile three-bedroom Malthouse Cottage at Hambledon, near Godalming, for £250,000, and its Guildford office has the timbered, 16th century, two-bedroom Millmeadow Cottage at Bramley, near Guildford, for £225,000.

For that price in Dorset, you can buy the four-bedroom stone-and-thatch Chapel Cottage (which incorporates the old village chapel as a second reception room), in Melbury Osmond, near Sherborne. Humberts offers it on a leasehold as part of an estate.

Strutt & Parker in Salisbury is selling the white-painted Rookery Cottage in nearby Orcheston for



Chapel Cottage at Melbury Osmond, Dorset... the old village church has been incorporated as a second reception room

£98,000. In the Lambourn valley, near Newbury in Berkshire, Mallard Cottage at Naunton, near Stow-on-the-Wold, for £67,500; and, with Knight Frank & Rutley, HLT offers Paynes Cottage at Broadwell, between Stow and Moreton-in-Marsh, for £65,000. Meanwhile, in Tinswick, near Buckingham, KFR is selling the three-bedroom Wood Lane Cottage for around £150,000.

The south-west offers good value. Stags in South Molton, Devon, offers Hollow Tree near Chulmleigh, a white-painted thatched cottage that used to be a farmhouse. The asking price of £115,000 also includes a listed barn, a stable with three loose boxes, and a paddock.

For £109,000 (reduced from

£150,000), Millerson has the Old Cottage at Lewdown, near Okehampton, which has been converted from a row of quarry workers' cottages. The price includes fishing on the river Lew.

As a finale, two intriguing properties. One is the 1846 Ruoch's Tower, a folly at Stow-on-the-Wold with an extension giving three bedrooms; from Hurley Lloyd Thorpe for £149,950. The other is Magazine Cottage at Sedgford, north Norfolk, from agents Bedford. The cottage was a royalist powder magazine in the civil war and was converted into a home in 1980, when it might also have been a prison. What a history for £119,500.

Further information: Bedford, Bury St Edmunds (0284-769999); Browns, Cranleigh (0438-267 070) and Guildford (0438-311666); Carter Jones, Oxford (0865-511444); Humberts, Sherborne (0935-816 909); Hurley Lloyd Thorpe, Stow-on-the-Wold (0451-530 731); Knight Frank & Rutley, Oxford (0865-790 077); Lane Fox, Basingstoke (0256-810093) and Winchester (0962-369999); Millerson, Tawstock (0822-617243); Mullucks Wells, Bishops Stortford (0279-755400); The PR Department (071-739-9889); Savills, Norwich (0603-612211); Stags, South Molton (0769-572263); Strutt & Parker, Harrogate (0423-661274); Newbury (0635-521777) and Salisbury (0722-32741).

quickly. There is a danger that vendors will wait too long in the hope of getting more. They may find that sentiment has turned down by the time they have nerved themselves to enter the market.

THE MAY Corporate Estate Agents' property index reveals a rise of 4.1 per cent in sales for May compared with May 1992, but a 3.4 per cent fall on April. Contracts exchanged rose marginally from April but instructions to sell were down.

March has been the best month for them in 1993. Does this signal a decline in confidence, as spring promise turned to summer rains with the government and prime minister stuck in the mud?

News of actual sales and of prices asked continues to be mixed, as you might expect in a stabilising market. Chesterfield sold 59 Chester Square, London SW1, with a 57-year lease and a ground rent of £1,700, for the asking price of £1.65m before the brochure was circulated.

Most agents report continued overseas interest in London properties. Even a Russian has bought a flat in Berkeley House,

Hay Hill, London W1, for close to the guide price of £775,000 (down from £1m two years ago) through Lassmans. In the country, Strutt & Parker in Salisbury, Wilt, sold The Moot House in Downton near its £650,000 guide price.

Savills' country department reports selling 10 major properties in May with a value approaching £11m, including three sales where terms were agreed and contracts exchanged within 48 hours. Prices, the firm believes, were 10-15 per cent higher than in August 1992, and two fifths of the buyers were from abroad.

On the other hand some asking prices continue downwards. Carscombe, a 17th century house at Stoodleigh near Tiverton in Devon which was a safe house for the Cavaliers during the Civil War, stood unsold for a year at £425,000. It is now re-priced at £325,000 for the house with six bedrooms, five bathrooms, a swimming pool and 20 acres, from Jackson Stops in Exeter (0392-214 222) and Lane Fox in Tiverton (0894-242468).

Similarly Knight Frank & Rutley in Exeter (0392-433 033) offers the Northmoor estate on Exmoor, on sale now for

the second time in two years, at a total guide price for the lots of £560,000, which is 25 per cent down on last time. And Telham Hill House near Battle, in East Sussex, is reduced by £115,000 to offers over £300,000 from Strutt & Parker in Lewes (0273-475 411).

The largest recent reduction is a curio of history: the fortress called No Man's Land in the middle of the Solent, built to counter a possible threat from France under Napoleon III with 49 guns and 400 men. It took 20 years to finish. Gladstone was opposed to it being built when he was

chancellor because of the cost, which led Queen Victoria to say: "Better to lose Gladstone than to lose Portsmouth." Three years ago it was on offer at £5.75m, after being rebuilt as a luxurious abode. Last year, it came down to £2.5m. Now, it is £950,000. Call Knight Frank & Rutley (071-629-8171) for the ultimate in offshore island getaways, with three helicopter pads. If no buyer appears, it will be sold by informal tender on September 10.

For pricing normal properties the moral is that the guide price must be realistic, not greedy; then, a good place will sell

Selling your house without an agent is unusual but Virginia Pryor is doing it with Lady's Cottage at Melton Constable, in north Norfolk. It has five bedrooms, three bathrooms, an annex/granny flat/holiday cottage and 72 acres of woods. Locals say D.H. Lawrence used to stay nearby and found the cottage hidden in the woods with a gamekeeper living in it, which partly gave him the idea for *Lady Chatterley's Lover*. The guide price is £445,000. Inquiries to 0263-880 980.

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BOOKS

Fiction

In from the cold

THE masterpiece of John le Carré, as we can now see, was what his publishers today call *The Quest For Karla* trilogy – the sequence of three long novels, *Tinker, Tailor, Soldier, Spy*, *The Honourable Schoolboy* and *Smiley's People* – in which the British intelligence chief Smiley confronts and eventually outmanoeuvres his opposite number, his "shadow", his *semblable*, his *frère*, the Soviet spymaster Karla. At the end, at the moment of Smiley's victory, they meet, *unspeaking*, at the Berlin Wall in a moment of profound truth: "This thing of darkness I acknowledge mine," as Prospero puts it in *The Tempest*.

Le Carré was our finest novelist of the Cold War. His new novel triumphantly breaks free of that genre and discovers a new world, a new subject – and he has not lost his gift for the topical. *The Night Manager* is about British arms exports to the Third World, Whitehall's complicity in that trade, a giant scam by an English tycoon to swap arms for Latin American drugs with the co-operation of "a caucus of bent bankers, brokers and middlemen and corrupt intelligence officers on both sides of the Atlantic."

As so often in Le Carré's world, the protagonist – the hero – is an innocent: a brave and lonely individual in danger of a tragic end, who is inspired by his own decency and the love of a not-particularly-good woman to fight against colleagues and employers, fellow spies and his own political and civil service masters.

Jonathan Pine, the night manager, has retreated from army service in Ireland to the safety of the posh hotel trade. He is rescued by a love affair in Egypt with a woman he loved, betrayed, killed, and through whom he discovers Roper, the businessman who is "the worst man in the world."

Roper is a great charmer who takes a robust and historical view of arms dealing: he is happy to compare himself with Britain's 19th-century China traders – "Opium for tea. Barter. Came home to England, captains of industry. Knight-hood, honours, whole shebang. Hell's the difference? Go for it – that's all that matters. Americans know that. Why don't we? Tight-arsed vicars braying from the pulpit every Sunday, old ladies' tea-parties, seedcake, poor Mrs So-and-So died of the whatnots? Screw it. Worse than bloody prison..."

THE NIGHT MANAGER
by John le Carré
Hodder & Stoughton £15.99, 443 pages

(It will be seen that Le Carré's extraordinary gift for mimicry has never been so fully indulged and developed. His dialogue is a never-ending delight.)

The night manager is recruited by a minor branch of British intelligence to penetrate Roper's organisation. His deep cover is meticulously and successfully developed to the point where he is trusted by Roper as front man for his big arms deal with the Columbian drug cartel. He falls in love with Roper's woman. He is betrayed by his own side, caught up in the Whitehall-Washington power struggle between "Pure Intelligence" and "Enforcement". Le Carré's moral has not changed: "The enemy's not out there. He's here among us... We are honourable people, he thought... Honourable people with self-interest and a sense of decency, people with a street spirit, and a good heart. What the hell's gone wrong with us?"

This is wonderful stuff, subtle, exciting, complicated (almost too much so, it is very complicated), vivid in its suc-

cessive pictures of Switzerland, Canada, the Caribbean, Central America – and of course, SWI. Who else could introduce a sub-section like this? "Eight men and Goodhouse sat at the long refectory table: a Foreign Office mandarin, a baron from Treasury, the Cabinet Office solicitor, two aquat-suited earlings from the Tory middle benches and three espiocrats of whom Darker was the grandest and poor Harry Palfrey the most derelict..." Note that Palfrey was the narrator of *The Russia House*. He here comes to a suicide's end.

But there have to be various caveats. The first is that we are given "Jeds", the usual Le Carré cosmopolitan half-whore, whose qualities (cf. the girl in *The Honourable Schoolboy*) do not convincingly sustain their burden in the plot. "She had a jewelled brilliance and a kind of dressed nakedness." Oh dear. I'm sure she's wonderful as well.

Much more seriously, Le Carré's Whitehall this time is near-impossibly opaque and confusing, which can only be because he does not allow himself to develop and characterise his warring factions. We are given Burr, Goodhouse, Rooke and the wicked Darker – but they never begin to achieve the memorable lineaments of Smiley, Guillam, Hayden, Allaine, etc. in the earlier books.

Even on a second reading these espiocrats blur into each other, which is a dangerous failing in view of the fact that the heart of the plot turns out to be double-dealing in Whitehall. We thereby lose, at the end, some of the story's psychological depth and conviction: and that, ever since *The Spy Who Came in From the Cold*, is why we have been reading Le Carré all these years, and shall continue to look forward to his next.

J.D.F. Jones

Magic runs out

WHEN *The House of the Spirits*, Isabel Allende's first novel, appeared in 1985 there was the definite sense of a major talent unfurled: a new writer with a knack for haunting imagery and a consummate gift for telling a good story. It seemed to matter little then that the novel wed a good deal to Gabriel Garcia Marquez, that its array of autobiographical fragments was skillfully pasted into a frame of magic realism with the family saga of *One Hundred Years of Solitude* as its archetype; the recipe was a compelling and effective one, and manages to retain its potency still on re-reading.

Nothing, though, that Allende has written since has come close to generating the power and vision of that first book. *Of Love and Shadows*, set in an unnamed, but typically repressed South American country, turned out to be a mundane romantic thriller, flecked just occasionally with descriptive, lyrical passages recalling the power of its predecessor but never its sharp focus. *Eva*

Luna and still more its codicil *The Stories of Eva Luna* cleaved closer again to Marquezian models, but both failed to make their sweet-sour mixture of violence and sentiment gel into a credible or even convincingly incredible world.

Now comes *The Infinite Plan*, and Allende's limitations as a novelist seem all too clear. The South American backdrop

THE INFINITE PLAN
by Isabel Allende
HarperCollins £14.99, 382 pages

has been abandoned altogether; the novelist's own peripatetic life history – which has taken her from Peru where she was born through Chile and Venezuela – has brought her and her fiction to California, where the realities are different and the magic realities different again.

The scheme is another family saga: the omission is undoubtedly epic. The protagonist is Gregory Reeves, raised in the Hispanic quarter of Los Angeles as the son of a travel-

ling evangelist, who ranges the western states in a dilapidated charabanc retelling his infinite Plan of deliverance. The Reeves caravaners attract the exotic, the eccentric and the arcane, and gives Allende a perfect platform for some colourfully sketched vignettes and satirical observations on modern West Coast life.

Yet the description and characterisation never raise themselves above the level of cliché and stereotype; the plot creeps, the motifs are reinforced with the subtlety of a steamhammer, and a novelistic structure that attempts two narrative streams running in parallel blurs into incoherence. The final message of *The Infinite Plan* – that life is great in the Great American Dream if you can only stick with it and win your struggle against adversity – is sickeningly pat, and makes one despair that Allende can ever recapture the elegance and beauty of her first work, or transplant it successfully to a new environment.

Andrew Clements

Traps for the unwary

THESE TWO novels share three features: they are both first novels – one written by a seasoned writer, the other by a relative novice; neither is good; and both are not good in a remarkable way.

Braving the hazards inherent in fictionalising real life characters, Frances Sherwood based her novel on the life and times of Mary Wollstonecraft. A strong-headed woman of humble social background, Mary Wollstonecraft developed into a formidable champion of women's rights. She experienced London at the end of the 18th century, witnessed at first hand the destructive convulsions of the French Revolution, had lovers – including the writer William Godwin, whom she eventually married – and friends among the leading literary figures of her time, and herself left a considerable literary legacy which, for her time, was audaciously provocative.

Her story offers many traps to the fiction-maker. Ms Sherwood manages to fall into most of them. Her recreation of 18th century England and France is freshly vivid. Her sense of place and time is evocative in the right way. Where she fails is in breathing life into her characters. Mary Wollstonecraft in particular, who comes across as rather doughy.

In an author's note Ms Sher-

VINDICATION
by Frances Sherwood
Phoenix House £14.99, 435 pages

HOTEL PASTIS
by Peter Mayle
Hamish Hamilton £15.99, 313 pages

wood admits that she had allowed "many deviations" from the actual historical life of her heroine and her contemporaries. "I wanted to popularise Mary, to make every woman in America know about her," she writes. "The biographies have always been perplexed about the discrepancy between Mary's personal life and what she wrote – emotion and chaos versus emancipated rhetoric. But I could understand this perfectly from my own life." The notion offers an interesting approach, but this discrepancy is not demonstrated and Mary, despite Ms Sherwood's contrived portrait of unconventionality, remains conventionally dull.

The demerits of *Hotel Pastis* are the converse. The hero, Simon Shaw, a rich successful advertising man in London is stung by an expensive divorce and exposed to the creeping mid-life ennui that comes with too much money and success. As the going gets rough Simon decamps for Provence,

choosing "the most relaxed of his three cars for the trip, the Congo-black Porsche convertible." As luck would have it, Congo-black Porsche breaks down in a village near Gordes, where Simon meets beautiful Nicole, who persuades him to convert a derelict *gendarmerie* into a luxury hotel. Simon quits his advertising business and does just that.

While the hotel gets under way, along with romance between Simon and Nicole, a group of small-time local crooks are planning a caper. A happy and prosperous end is effected through the agency of an old-fashioned Texas tycoon whose large amiable son, staying at the hotel, is kidnapped by the gang.

The plot and characters are the stuff of an up-market comic book, if there is such a thing. But the writing sustains a glib, cheerful zip even through the many banal situations. The assured style admits no literary pretensions – a redeeming factor. Mr Mayle – of *A Year in Provence* fame and fortune – carefully sticks to a well-defined aim. To borrow a phrase – only slightly modified – from a Provencal character in the novel: "il ne pisse pas plus haut que son cul".

Elon Salmon



'The Adirondack Guide', 1894, by Winslow Homer, one of the wonderful reproductions in 'Awash in Color: Homer, Sargent, and the Great American Watercolor', published by Bulfinch, \$60

Double-edged poetry

Anthony Curtis finds there is more to Victorian verse than meets the eye

MUCH OF Victorian poetry was until recently a desolate no-go area. Then Antonia Byatt's Booker-prize-winning novel *Possession* jolted many of us into an awareness of the fascinating psychological complexities lurking within that poetry. Isabel Armstrong, Professor of English at Birkbeck College, has put together a collection of essays that amount to a re-interpretation of the poetic output of the whole period. Poems like *The Lotos Eaters*, *Mariana*, *The Lady of Shallott*, *Maud*, *Fra Lippo Lippi*, *Porphyria*, *Sohrab and Rustum*, *Dover Beach*, *Casablanca* ("The boy stood on the burning deck...") and many others lying moribund in the collective memory return alarmingly to life under Armstrong's masterly dissections.

The poems are – in Armstrong's eyes – capable of dual readings. This is particularly true of many poems by Tennyson and Browning that dramatise the plight of an individual. You can either read the poem from within the consciousness of the person at its centre or you can step outside his or her mind and consider the totality of the situation. But let the Professor explain:

"...the poet often invites the simple reader by presenting a poem in lyric expression as the perceiving subject

speaks. Mariana's lament or Fra Lippo Lippi's apologies are expressions, indeed, composed in an expressive form. But in a feat of recombination and externalisation the poem turns its expressive utterance around so that it becomes the opposite of itself, not only the subject's utterance but the object of analysis and critique. It is, as it were, reclassified as drama in the act of being literal lyric expression."

VICTORIAN POETRY: POETRY, POLITICS AND POETICS
by Isabel Armstrong
Routledge £35, 344 pages

From this Armstrong arrives at her key concept – the double-poem – as the chief poetic construct of the Victorian period. The two readings of the poem are two poles generating tension, stress, ambiguity. This disturbance inherent in the poem encourages us to penetrate beneath the surface meaning. On the surface *The Lotos Eaters* is a dreamy poem about drug-taking and retreat from activity, but step back and what do we have? "Its exploration is nearer to Marx's understanding of the estranged labour which converts all energy expended outside work into sub-

human or animal experience than to an account of the text as a simple desire for escape and exploitation of resources."

Poetry was used by the Victorians as means of disseminating doctrine both by those on the right and the left. Keble used poetry to inculcate Christian piety. The Chartists used poetry to publicise their protests. The occasional "hatchet-job" we read today on a new book of poems is a mild affair compared with the way the likes of John Wilson or Croker would pitch into a new volume by poets such as Tennyson. Indeed it is hardly an exaggeration to say that poetry in Victorian times had the same urgency that today we devote to considerations of the economy.

Professor Armstrong has reconstructed the main lines of this Victorian debate about poetry as it occurred in reviews and articles. She identifies the groups of theorists and critics from whom the poets drew strength. For Tennyson, it was initially Hallam and the Apostles adumbrating a new kind of post-Romantic conservative-subversive poetry of sensation. For Browning and his discovery of the dramatic monologue she points to a link with Benthamite Utilitarian theory and the notion of the Grotesque as expounded by Ruskin in *The Stones of Venice*.

Some of these connections are dazzling. The most controversial is likely to be her bracketing of Swinburne and Gerard Manley Hopkins as the two sides of the same poetic coin, the sadomasochism of the former a counterpart of the Jesuitical discipline of the latter. Armstrong's expositions are not always easy to comprehend, as in her long analysis of Christina Rossetti's *Goblin Market*, the most haunting poem of the period, which she denies is about anything as simple as menstruation or masturbation.

Armstrong devotes a substantial chapter to the women poets of the period in which, as well as familiar names like Rossetti, Elizabeth Barrett Browning, the Brontës, she resuscitates interest in such forgotten figures as Letitia Landon, Felicia Hemans, Mathilde Blind, Amy Levy. Armstrong is a formidable apologist who can turn verified dress into poetic gold – as she does with Hardy's *The Dynasts*, in her view the last great Victorian double-poem.

This is one of those works of scholarship and interpretation that, like G.S. Lewis's *The Allegory of Love* or William Empson's *Seven Types of Ambiguity*, from now on students of English literature will need to turn to again and again.

Jackie Wullschlager

Tales of the subconscious

"Children know something they can't tell; they like Red Riding Hood and the wolf in bed", Djuna Barnes once remarked, and anyone who has told the story to a child will know what she meant. Fairy tales are among the oldest forms of literature, and their survival, told from generation to generation over centuries, bears witness to their extraordinary psychological power. As recent Freudian critiques have shown, they confront our deepest unconscious dilemmas – sibling rivalry in *Cinderella*, sexual fear/desire in *Little Red Riding Hood*, terror of abandonment in *Hansel and Gretel* – in symbolic forms which console and help us through life.

The modern fairy tale is another animal altogether. It cannot compete with such primitive, mythic enchantment shows, as this enticing new collection hints, as has attractions of its own. Where *Cinderella* is timeless and universal, the modern tale speaks volumes about its author's personality and the society in which it was written. Where

OXFORD BOOK OF MODERN FAIRY TALES
edited by Alison Lurie
Oxford £17.95, 474 pages

Cinderella is comforting and familiar, the modern tale is complex and disturbing. And where *Cinderella* is effective told in any language or style, the modern tale has a literary quality which makes it at its best a sophisticated and satisfying work of art.

So rich is the fairy tale form that, since the Victorians first used it as a literary model, each generation has mined it for its own purposes. For Ruskin and Dickens, it was the perfect vehicle for social criticism as well as a chance to gush about children – Dickens said that to marry Red Riding Hood would have been perfect bliss. For Oscar Wilde, who wrote stories about giants loving little boys and romances between male swallows and princely

statues, the tale was a masked plea for sexual tolerance.

Today, fairy tales are fodder for post-modernist inversions and feminist twists like Angela Carter's *The Courtship of Mr Lyon*, an updated *Beauty and the Beast*, or Jeanne Desy's *The Princess Who Stood on her Own Two Feet*, where a tall and clever princess "enchants" herself to stop walking and talking in order not to overpower the chauvinist wimp of a prince who is courting her.

Alison Lurie's collection has an impressive range, but the book is marred by an introduction so skimpy that it is quite useless in explaining Ms Lurie's choice of works, how the stories relate to each other or to traditional tales, why modern fairy tales matter as literature, or who is intended to read them – surely not children?

G.K. Chesterton said that fairy stories were especially enjoyed by the young because "children are innocent and love justice, while most of us are wicked and

naturally prefer mercy". A fascinating element of many modern tales is that they follow fairy tale forms but deny justice at the end, often to peculiarly chilling effect. I would have welcomed background from Lurie on, say, Mrs Clifford's *The New Mother*, a Victorian *Hansel and Gretel* reeking of repression and menace, where a mother leaves the children who love her to punish them for discovering dark secrets, and sends a witch-like "new mother" with glass eyes and a wooden tail. And surely Bernard Malamud's sad 1960s *The Jawbird*, about a wise Yiddish crows killed by a frozen-food salesman, echoes Wilde's *The Happy Prince*, with its kindly swallow frozen to death: brilliant commentaries, both, on materialistic society.

Explanatory links from Lurie would have made a more elegant, unified volume, but this book is nonetheless a feast of pleasure and surprise.

Jackie Wullschlager

FT Children's Book of the Month
Green woman meets Green man

THE FORESTWIFE
by Theresa Tomlinson
Julia MacRae £8.99, 166 pages

wife, she mines a much more ancient seam and one which, though beginning in Sheffield, moves north into the country which she knew as a child (Whitby and the coast of north Yorkshire), and south, into Sherwood Forest.

The Forestwife is set in the time of Richard the Lionheart and, especially, those years in which the common people were suffering the crippling consequences of the taxes imposed to fund the Third Crusade. Mary, daughter to the lord of Holt Manor, is about to be betrothed to an old nobleman at the behest of her imperious and unloving father. The very thought disgusts her – she will be nothing better than a breed-

ing sow for a rich old hog. She escapes in the company of her old wet nurse, Agnes, and the pair of them make a new life for themselves, eking out a miserable existence in the perilous wilderness of Barnsdale, home to the Forestwife, a woman whose powers of healing cause her both to be revered by the forest folk and feared as a witch.

Theresa Tomlinson possesses many of the virtues of style necessary to a writer of historical fiction for children – an ability to pick and choose among more or less apposite and authentic details; a manner of factual presentation that is sharp, clear and simple; and an ear for dialogue.

But perhaps the most pleasing and intriguing aspect of this novel is the way in which the author draws in, almost by stealth, – the persons of Robin Hood and his entourage, that outlaw who took his first literary bow in

Piers the Ploughman towards the end of the 14th century. Robin Hood, usually set firmly to one side in that category labelled "traditional stories", has had scant justice done him in recent years as an historical personage. Disney predictably set him in that ahistorical never-never-land of Merrie Englande. Ian Serrallier's fine re-workings of some of the traditional ballads in *Robin and his Merry Men* and *Robin in the Greenwood* have long been out of print.

What Theresa Tomlinson has done is to return Robin, Little John, Guy of Gisborne and others firmly to the era of Richard the Lionheart and speculate imaginatively, without ever losing sight of the accumulated ballad lore that has come down to us, upon their roles in a society that found itself in perpetual turmoil thanks to the machinations of church and state. Mary, having thrown off the bonds of her father, renames herself Marian, maid of the woods; Robert, her wet nurse's illegitimate son, having fought in support of King Richard against his duplicitous cousin John, becomes her Robin, who promises to return to the Forestwife (Marian assumes the mantle on the death of Agnes) each May Day and dance with her. Green woman meets Green man.

Michael Glover

ARTS

Blooms with multiple meanings

Patricia Morison revels in 'Pick of the Bunch' from the Fitzwilliam Museum

ROSSES ARE at their peak, lavender has purpled, and the scent of philadelphus is enough to make any gardener lose his or her head. In a June such as this, to give flower-lovers any more pleasure could be risky. Even so, it would be a pity to deny yourself *Pick of the Bunch*, an exhibition of Dutch, Flemish, and French flower paintings from the 17th to early 19th centuries. It is at John Mitchell Son, 160, New Bond Street, London W1 (071-493-7567) and closes July 15.

The "bunch" is the magnificent collection of flower-paintings, the largest in the world, owned by the Fitzwilliam Museum in Cambridge. *Pick of the Bunch* is a chance to display some 50 flower paintings and also flower miniatures, many made as lids for snuff-boxes etc.

The Fitzwilliam owes its wealth of flower paintings to a Norfolk gentleman with a passion for flowers. In the 1830s, Major Henry Broughton, later 2nd Lord Fairhaven, created a legendary water-garden beside the Broad. He also began to collect, starting in the 1830s with bird paintings and then switching to flowers. Broughton's gift of 37 paintings transformed the Fitzwilliam's own small but rather fine collection of flower pictures. On his

death in 1973, the museum received a further 83 oil paintings, no less than 1500 flower drawings, and a quantity of miniatures.

With such a huge collection, a fair number of the paintings in *Pick of the Bunch* are being seen in public for the first time in decades. It includes many of the great names in the development of flower painting, beginning with Breughel. "Flowers in a Clay Vase" by Jan "Velvet" Breughel is described by Peter Mitchell, who selected the exhibition, as the most important flower painting in Britain. It is a lovely thing, dozens of blooms massed tightly together and yet depicted with such lightness of touch that the bouquet seems to tremble with life.

As ever, Breughel's is not a naturalistic bouquet; primroses, poppies, and roses never normally nod to one other. However, in the infancy of flower painting, artists were licensed to turn the seasons upside down in order to record prized specimens for their patrons. Another unattractiveness is Breughel's iris, a fabulous bloom of blue-white stippled with black, twice the size of anything else in the arrangement. Did its owner love it more than anything else in his garden? Diamond and pearl jewels lie at the foot of the vase. Perhaps the mes-

sage of the painting was that flowers like the iris were no less valuable than the goldsmith's creation.

Multiple meanings lie hidden in paintings by such well-known names as Willem van Aelst, Daniel Seghers, Jean Michel Picart, and Jean-Baptiste Mornoyer. In a typically dark and eerie painting by Otto Maerx van Strick, a bouquet of roses, carnations, and alchemillas has attracted not just a cloud of butterflies but also a lizard and a snake.

Bugs and beetles nibble away at many bouquets, a traditional reference to the gnawing tooth of time but also testimony to 17th-century humanists' delight in the bewildering variety of God's creation. They coexist most beautifully in a masterpiece by Jan de Heem, a Dutchman of the generation after Breughel who settled in Antwerp.

This painting, the largest in the exhibition, is a splendid rediscovery. Years ago, the De Heem used to hang in the public galleries until the day when it was pronounced to be merely "school of" De Heem. Down the painting went to the reserves, to be rediscovered only when the exhibition was being selected. It has been newly cleaned by the Hamilton Kerr Institute, and found to be in exceptionally good condition.

Anyone who thinks flower paintings are dull should study this De Heem. For one thing, it has an exceptionally energetic quality which comes partly from the eye-catching diagonal tulips and from the twisting flower-heads and ragged, curling leaves. Every passage is a miracle of technical skill. A greenhopper, straddling the stone ledge and a blackberry leaf, contrasts with the velvet butterfly. A poppy-head, tinged with pink, has just the right touch of flabbiness and sprinkled with perfect rain-drops.

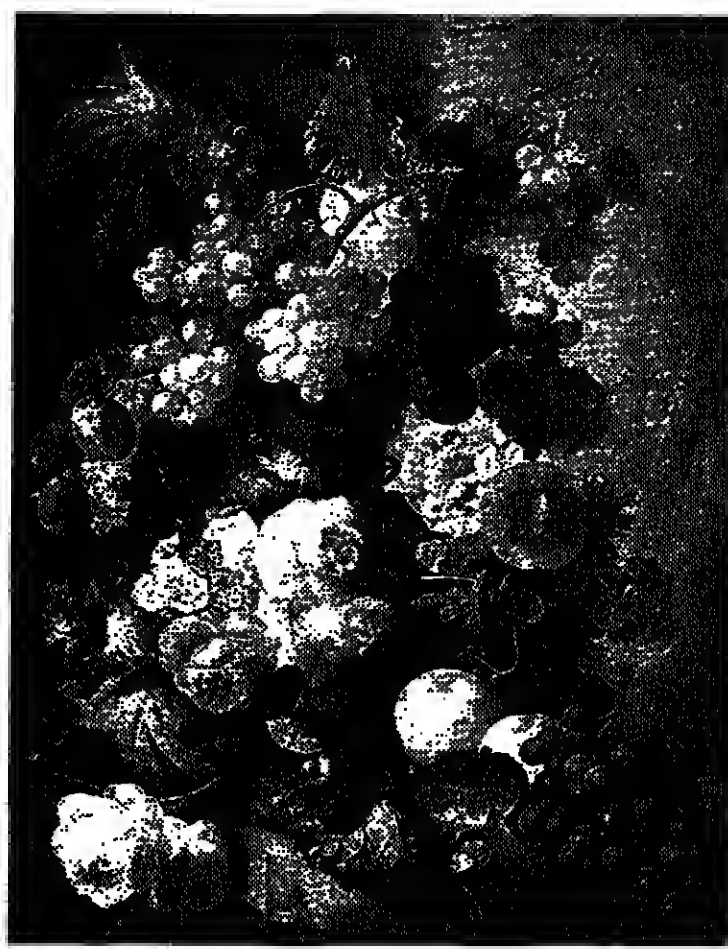
If I were able to take any of these pictures home, it might be Adriaen Coorte's bundle of asparagus, given to the Fitzwilliam by the painter, Sir Frank Brangwyn. Sisterly feelings might tempt me to ask for either painting by two women flower painters much admired in their own time and now Vallayer Coster and Rachel Ruysch. There is a third woman, the almost unknown 18th-century painter, Melanie de Chomolera, on this showing a faithful rehasher of the 18th-century manner.

But the painting I covet above all is by Dolly (1761-1845), whose still lifes are exceedingly rare. "This painting is all softness and not a tinge of sensuality, too, and yet with a tinge of Romantic gloom. The light

is concentrated on a superb group of roses, in bud and full bloom, their full, white petals enfolding a deep pink vortex. A dead sparrow lies on the ledge, its soft grey feathers finding an echo in the funereal shade of the lilac and purple-red poppy.

Early flower-painters - Cornelis de Heem and Boschart the Elder - also hang in the exhibition of Dutch and Flemish Old Masters at Norton, 40, Old Bond Street (until July 16). It includes still lifes by De Heem, father and son, two Hobema landscapes, and "A Flirtation" by Wouwerman which formerly belonged to Earl Mountbatten.

The two most remarkable paintings are Pieter de Hooch's "Court-yard of a House in Delft" and Gerard Dou's "A Painter in his Studio", a fascinating contrast with the painting which was its source, the young Rembrandt's famous painting, exhibited in the recent National Gallery exhibition. A grey parrot which hangs on the studio wall was not used to shade the artist (Rembrandt himself, it has been claimed) from Leiden's summer heat, but to keep off the dust as his pictures dried.



'Flowers and Fruits' by Jan Van Os, 1744-1808. Van Os built up an aristocratic patronage in England, France and the Netherlands.

Montreal goes for visual dramas

Montreal's arts scene is well-known for its vitality, innovation and willingness to take risks. The major talking point of the fifth Festival de Théâtre des Amériques was a cycle of three Shakespeare plays, *Coriolanus*, *Macbeth* and *The Tempest*, translated and adapted by the Quebecois playwright Michel Garneau and directed by Robert Lepage.

The present cycle, which has already been seen in France and which will be seen again in Europe later this year, will appeal to audiences who think visual images are more important than the actual text. *Coriolanus* is set within a rectangular frame measuring 4 feet by 16 feet. It is like watching a very small cinema screen. The frame cuts off the actors' legs, when they stand on tables (which they do quite often) the frame cuts off their heads and they look like ruined figures in a Roman frieze.

Shakespeare's tragedy is played for comedy. The action takes place in bars, restaurants and broadcasting studios. *Coriolanus* and Aufidius wrestle on the ground in the nude in slow motion; but, with the aid of a slanting mirror, it seems as if their sexual foreplay is taking place in mid-air. The battle scenes are played by

puppets. The action is punctuated by the modern alarms of a city caught in a traffic jam.

Jules Philip's *Coriolanus* is so young he might still be in the sixth form; it is difficult to imagine him either as a triumphant general or as somebody to whom the Roman people would offer a consulship. The most memorable performance is by Anne-Marie Cadieux, who plays Volturnia, that most formidable of Roman matrons, in a high camp manner.

Coriolanus has been translated into modern Quebecois. *Macbeth* has been put into an archaic and baroque language, drawn from an abridged dictionary listing words prohibited by the clergy and sprinkled with Norman and Breton dialects. The setting is a wooden passageway on two levels, running the whole width of the stage and made out of rough planks which can be pulled down to form a fence. At one point *Macbeth* is seen through the slats, running backwards and forwards, giving, with the

help of strobe lighting, a magic lantern effect.

The Tempest, translated into classical Quebecois, is set in a rehearsal room with a wall of mirrors, a ballet barre and some gym lockers. In the centre are two green-topped tables round which the actors sit. The production begins with Prospero (Jacques-Henri Gagnon) in jeans, in his role of theatre director, reading his opening scene with Miranda.

Caliban is played by Anne-Marie Cadieux as a manic female punk-rocker with coarse voice, blackened eyes, hobnail boots and wearing a plastic garbage bag. Marie Brassard's Ariel spends most of her time on top of the light-fitting, which she uses as a trapeze. Caliban, Trinculo and Stephano act their drunken scene on top of the lockers.

The Shakespeare cycle played to packed and enthusiastic houses. So did Gertrude Stein's existential oddity, *Doctor Faustus Lights The Lights*, written in 1938 but not per-

formed until after her death in 1946. Faustus sells his soul to discover electricity. There were three different Faustuses; three Marguerites in identical blue dresses; two Mephistos (one a red-headed clown); a towering transvestite with a sickle; three dwarves in yellow macintoshes and a dog who said "thank you". The action, a religious and psychological conflict, took place in Faustus's mind. The music by Hans Peter Kuhn was minimal.

The production was by American director Robert Wilson, who has spent most of his working life in Europe. Wilson (like Lepage) is more interested in form, movement and light than he is in text. He feels most actors are too text-orientated and argues that the best actors are those who do not understand what they are saying. Hence his decision to direct a group of East Berlin drama students in English. The text was used for its sound rather than its meaning and the flat German intonation

gave the banality an extra dimension. I felt I was watching a ballet. The performance was cold and mechanical and, at an hour-and-a-half, mercifully short for a director whose productions are liable to last five, 12, 24 hours, even three days.

For Pelletier, founder of the Women Experimental Theatre in Montreal, threw herself energetically into a two-and-a-half hour monologue, *Joie*, which described her career in the theatre in particular and the lot of women in general. This *cri de coeur* was much enjoyed by an audience able to follow the references to Montreal's political life during the last two decades.

I also saw *The Lorca Play*, written and directed by Daniel Brooks and Daniel MacIvor, which used extracts from *The House of Bernarda Alba* and snippets of information about Lorca. The piece was acted by seven actresses, who marched up and down, and one limping male narrator, who stamped his cane. The performance was an unsatisfactory mixture of meticulously rehearsed choral work and messy improvisation.

Robert Tanitch

Coriolanus is coming to Nottingham Playhouse at the end of November

Saleroom/Antony Thorncroft

Impressionists are back in fashion

THERE WAS an air of tangible relief, approaching exhilaration, in the London auction rooms of Sotheby's and Christie's this week. The major summer sales of Impressionist, Modern and contemporary art, the backbone of the turnover - and the profit - of both companies, had gone better than anyone dared hope. Barring some unforeseen mishap, the recession is over at the highest echelons of the art market.

For almost three years now the auctioneers have stood at the rostrum, talking to themselves, while a stony-faced audience has watched impassively as good Impressionist painting has followed indifferent modern sculpture back to a disappointed vendor.

But at Christie's on Monday night James Roundell experienced the breakthrough. "Suddenly there were four raised hands in the room, all bidding for the same lot. They weren't prepared to chase each other up to ridiculous levels but there was definite interest again". By the end of the evening Christie's had assembled £17.9m from 45 lots, with the 18 per cent unsold percentage by value its lowest in this sector for three years.

The top lot says it all. A Renoir portrait of a young girl holding flowers, more subdued than many similar Renoir paintings, was estimated to make around £4.5m. It sold for £5.7m. In 1987, when the Impressionist market was moving towards its peak, the same work had sold for £4.8m.

The message was repeated 24 hours later at Sotheby's, which recorded its highest total for a London Impressionist sale in almost three years of £20.3m with 14 per cent unsold. The impression could be neatly charted. The first portents were visible in New York last December when a Matisse sold

for \$14.5m and a Monet for \$12.1m. They had become tangible by May with Sotheby's amazing itself, and the dealers, by disposing of a Cézanne for \$28.6m, way above forecast. London did not offer such impressive pictures, but it seemed as if the past month had added to confidence, with broader based bidding and more lots finding buyers.

This week's prices still seem modest compared with the midsummer madness of New York in 1990 when, in three days, a Japanese industrialist, Ryoei Saito, paid \$82.5m for a Van Gogh portrait at Christie's and \$78.1m for a Renoir music hall scene at Sotheby's, but they are a significant improvement on the meagre \$5.6m sale total raised by Sotheby's and the £10.3m by Christie's in December 1990 when the art market suddenly took the full force of the recession and the loss of nerve by buyers.

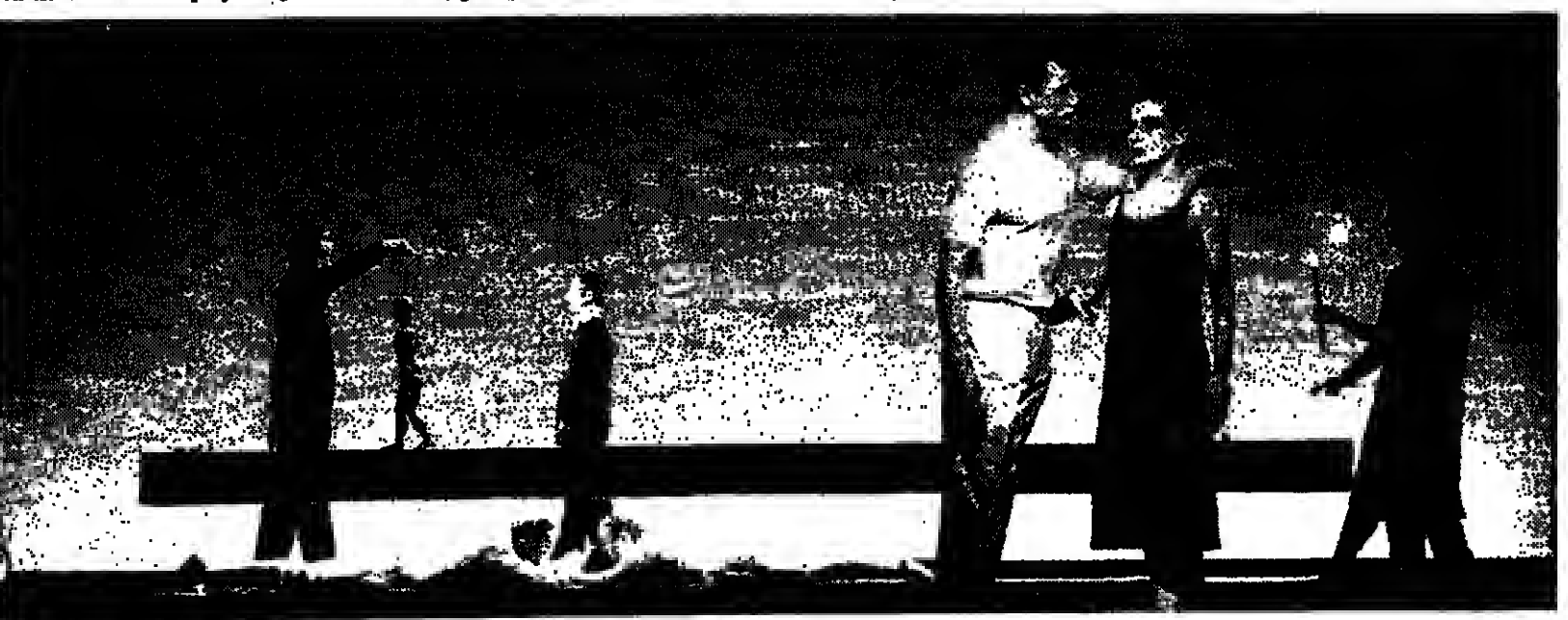
This week Sotheby's and Christie's were confident that within the next year they will be able to bring out the champagne again. For although it is death, divorce and debt that mainly bring works of art on to the market, somehow these three seem capable of holding off when demand is non-existent and prices have nosedived. Only rising values trigger the return of the masterpieces. "Sellers can now feel more confident that if they have good paintings, with reasonable estimates, there is no reason why they should not go", says Melanie Clore, director of Sotheby's Impressionist department, who carefully packaged an auction of pictures fresh on the market and carrying attractively low estimates.

It is the important works of art which bring out the big buyers, the world's richest connoisseurs, like Narcho, Thyssen, Newhouse, Bar-

bara Johnson and Anneberg, whose fortunes have hardly suffered during the recession. When one did become available in May, Van Gogh's "Wheat field with cypresses", Annenberg stepped in smartly to buy it privately, only to present it to the Metropolitan Museum of art in New York. The enthusiasm of the ultra rich for buying art again somehow permeates down to the very lowest reaches of the market.

Bidding at the week's auctions was an encouraging mix of dealers and private collectors, Europeans and Americans. Even the Japanese were back, but the serious Japanese dealers, out the speculative punters who were largely responsible for pushing the price of indifferent Renolms, Monets and Picassos to unsustainable heights in 1989 and early 1990. Fortunately the hundreds of Impressionist and modern works of art in Japan stay locked away in the bank vaults, often acting as collateral to loans. The owners seem content to wait for them to slowly regain their value.

The success of the week has shattered one rapidly growing lobby, which argued that the prices reached in the summer of 1990 would not be repeated for a generation, and that Old Master pictures had regained their hold over the art market from the Impressionists. For not only were the best 20th century works selling; even the follow up, second division sales, where new collectors enter the fray by spending £100,000 or less on a work by one of the Henri's - Lebasque, Martin and Cross - did quite well. Of course demand is still selective and most works sell nearer the bottom of their estimate than the top, but a market has re-established itself, and late 19th and 20th century art remains the desirable collecting field for the rich.



Scene from 'Doctor Faustus Lights The Lights' by Gertrude Stein, directed by Robert Wilson

Russian flavour to Spitalfields

David Murray reviews Walton and Shostakovich at the Festival

ON Wednesday at the Spitalfields Festival, Richard Hickox and the Northern Sinfonia played Shostakovich and Walton, and (despite support from the Walton Trust) Shostakovich won. *The Bear*, Walton's hearty one-act opera after Chekhov's rather subtler piece, was not ideally placed after Shostakovich's 14th Sym-

phony, which is desperately serious and scathing.

In fact the opera was excellently cast, with Della Jones singing a larger-than-life Popova, the volatile widow with airs, and a gruff, explosive Smirnov - who comes to collect a debt and ends by collecting Popova instead - from Alan Opie. Both of them flung themselves into the comedy

with fervour bordering on frenzy. Yet we didn't laugh much. The singers' diction was beyond reproach, but Walton's rickety little orchestra (a small battalion of percussion, raucous muted brass) loomed just behind them, and in the resonant Christ Church acoustic the instruments were impossible to keep decently down.

Miss Jones and Opie soon found themselves belting out most of their music, just to make it heard amid the roar. One wanted more half-lights, slyer character - which they could certainly provide in a more singer-friendly setting, and indeed in a staging: physical confrontation is essential to this comedy, and face-pulling while they sang straight from the score made a thin substitute. Adjusted to a proper theatre, this performance ought to be delightful. It enjoyed the bonus of a very superior manservant, since the bass Stephen Richardson was on hand for the Shostakovich anyway.

There he was greatly impressive, as was Miss Jones (and

their Russian, too - gutturally persuasive to an inexpert ear like mine, and used to hitting effect). The "symphony" is a 1969 song-cycle on poems translated from Lorca, Apollinaire and Rilke, and one by Wilhelm Kitchelbecker, all concerned with death, persecution, lofty anger and grim despair. The vocal lines are etched into an extraordinary small-orchestra score, bleakly spare strings frosted with touches of celesta, vibes, xylophone, bells: an unforgettable sub-Arctic sound world.

Hickox conducted it with cool, exact sympathy, and drew admirably sensitive playing from the Northern Sinfonia. No risk here of overwhelming the singers, who were left free to penetrate the songs in depth. Despite the presiding tone of this disillusioned music, the range of bitter expression is wide and varied, and both artists were in formidable command of it. After the insights of their performance, I thought I might at last begin to understand Shostakovich's hitherto opaque 15th Symphony.

IN RECENT years Jessye Norman has elected to tackle some of opera's most "extreme" heroines - Barba's Judith and the unnamed protagonist of Schoenberg's monodrama *Erwartung*, Isolde and Salome. The majority of these have already been sampled, in some form or another, in London; little that she has done here has been quite as impressive as her concert account of *Erwartung* at the Barbican Hall on Thursday, in company with Philip Boileau and the London Symphony Orchestra.

On the face of it there might be thought a certain lack of "match" between the soprano and at least some of these ladies. Certainly, the Schoenberg monodrama - a miraculously fine-woven, audibly-col-

Jessye Norman

oured musical marriage of nightmare, Freudian psychological analysis and prose-poem, in which a woman searches in a wood for a lost lover whose body she suddenly discovers - would seem to require an altogether different kind of artistic profile.

The stream-of-consciousness narration calls for spontaneous utterance, wide emotional range, nimble alternation of moods from quiet reflection to furious torment. The mature Norman style is monumental - the stances and demeanour totemic, the bronze streams of tone grandly poured out, then channelled by minute calculation in the shaping and shad-

ing of every word. Merciful responsiveness finds no place in the delivery.

And yet, because all the singer's considerable intelligence had been concentrated on the task, the experience developed a mesmeric power all its own. The presence on the podium of Boulez was, in the best sense, a counterweight to monumental-ity: his handling of those intri-

cate Schoenbergian thought-patterns was itself a miracle of balance - of nervous energy sustained, dramatic impulse disciplined, musical imagery lucidly traced.

The old view of *Erwartung* as one long overwrought Expressionist torrent seemed light-years distant.

Max Loppert

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REGIONS

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BBC:
1.00 *Anglia News*, 8.00 *Anglia News and Sport* 5.15 *Sunday Watch*, 18.00 *Anglia Weather*.

BORDER:
1.00 *Border News*, 1.10 *Spanish Goats Exr.*, 1.30 *Stuntmasters*, 4.10 *Superstars of Wrestling*, 5.00 *Border News and Weather*.

CENTRAL:
1.00 *Central News*, 1.10 *COPS*, 1.25 *Nigel Marsall's IndyCar '93*, 5.00 *Central News*, 10.30 *Local Weather*.

CHANNEL:
12.50 *The Muresters Today*, 1.05 *Channel News*, 1.10 *Marsall's IndyCar '93*, 1.40 *Bonnie and Dagwood*, 5.00 *Channel News*, 5.00 *Puffin's Playco*.

CHESHIRE:
1.00 *Cheshire News*, 1.10 *Telcelis*, 1.40 *Tormentors '93*, 5.00 *Headlines*, 1.45 *Goin' Coinez*, 2.00 *Police News*, 6.00 *Granpam Headlines*, 6.05 *Granpam News Review*, 18.00 *Granpam Weather*.

GRANDPAM:
1.00 *Grandpa News*, 1.10 *Spanish Goats Exr.*, 1.30 *Stuntmasters*, 4.10 *Superstars of Wrestling*, 5.00 *Grandpa News*, 5.05 *Boyswatch*.

HWT:
1.00 *Grandpa News*, 4.10 *Nigel Marsall's IndyCar '93*, 4.40 *Cartoon Time*, 5.00 *HWT News*, 19.30 *HWT Weather*.

HWT Wales as HWT except:
No variations.

MERIDIAN:
12.30 *The Muresters Today*, 1.00 *Meridian News*, 1.10 *Nigel Marsall's IndyCar '93*, 1.40 *Blondie and Dagwood*, 5.00 *Meridian News*.

SCOTTHOUSE:
1.00 *Scotthouse Today*, 1.10 *Telcelis*, 1.40 *Ambal Country*, 4.05 *Rockspost*, 4.20 *Starting From Scratch*, 4.00 *Scottish Today*, 5.10 *Carlson Time*, 5.15 *Box*, 5.00 *Fantastic Facts*, 19.00 *Scottish Weather*.

TYNE TEES:
1.00 *Tyne Tees News*, 4.10 *Champions*, 5.00 *Tyne Tees Sunday*.

UNITED:
1.00 *United News*, 1.03 *Utv Live News*, 1.05 *Nigel Marsall's IndyCar '93*, 1.25 *Movies*, *Movies*, 1.40 *Wrestling*, 5.00 *Utv Live Early Evening News*, 19.10 *Utv Live Headlines*.

WEST-COUNTRY:
1.00 *Westcountry Weekend Latest*, 1.10 *The Ultimate Stuntman*, 4.10 *Nigel Marsall's IndyCar '93*, 5.00 *Westcountry Weekend Latest*.

YORKSHIRE:
1.00 *Yorkshire News*, 4.10 *Champions*, 6.00 *Calendar News*.

54C Wales as Channel 4 except:-
7.50 *The Legend of White Fang*, 7.50 *Tailly Yr Uwedd* 1953, 8.15 *Racing: The Morning Line*, 19.00 *Welsh Sports Centre*, 19.30 *World Sport*, 1.30 *Castro Games* 1993, 2.50 *Magic Brosles Par*, 5.00 *The Welsh Games Roundabout*, 6.36 *New You're Talking*, 7.00 *Welsh News*, 7.15 *Welsh News*, 7.15 *Gemma Help Finked*, 7.15 *Jaux Sans Frontiers*, 8.20 *Tailly Yr Uwedd* 1953, 8.00 *Trial and Error*.

REGIONS

[illegible]

SUNDAY

Gems.	News About Britain: Printer's Devil. 7.30 Jazz For The Ailing. 8.00 Newswatch. 8.30 From Our Own Correspondent; On Our Newsstand. 9.00 Faith: Classics With Joy. 10.00 News: Business Review. 10.15 Story: The World. 10.30
A History Special edition on ecological bird-ties of mountainous landscapes.	10.30 Round-Up. 11.00 News: Sports. 11.30 News: 11.30 BBC English. 11.45 News and Press Review in German. 11.50
(A Voyage In Time).	12.30 The Ken Bruce Show. News. 1.00 Play of the Week: South And North. 1.30 Newshour. 3.00 News Summary: The Third Age. 3.15. 4.00 News: BBC English. 4.30 News: News and Features in German. 5.00
Faith.	News: News About Britain, 5.30 News: 6.00 News: BBC English. 6.30 News: News and Features in German. 6.00 In Good Voice. 6.30 Europe Today. 7.00 News: Words of Faith. 7.30 Routes.
Forecast.	Brain of Britain. 8.00 News: Newshour. 11.00 News: About Britain. 11.15 Short Stories: The Old Book. Letter From America. 11.45 Sports Round-up. 12.00 News: Business Review: City View. 1.00 News Summary. 1.30 In Praise Of God. 2.00 News Summary. AD. 2.45 The Continental. 3.00 News: Newswatch. 3.30. 4.00 The Sportsman: Edward Ginn. 5.00 News: News: BBC English. Sports Round-up. 4.30 BBC English. 4.45 News And Press Review in German.
5. Wives.	
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Dunes of Trinitat Walker.	
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ity.	
WIVES	
can be	
European	
has killed	
following three	
7. 7.00 News:	

PARADOXICALLY, the most

No 980



IN TODAY'S hand, which

lost to the king and East qui-

not escape the loss of three tricks in the suit - one down. I think we can do better than that. Let us replay the hand together. We play the first six tricks as before; but at trick seven, instead of taking the finesse of the heart queen, we cash the ace and cut adrift with the queen, quite indifferent as to who wins the trick. Whichever defender wins must

When you hold Qxx of a side suit in one hand and Jxx in the

No. 8,186 Set 1

[illegible]

1 Sal's flighty (B) 20 County poet getting first of the

Solution and winners of
Puzzle No. 2174

DOWN

1 Calls for half-a-dozen little jobs? (6)





BRITAIN, we are constantly being told, has not yet come to terms with no longer being a world power. How much truer this is of our sporting prowess, as the events of the past few weeks have demonstrated.

I have just returned from a visit to our last colony, Hong Kong, and the shock waves of the England soccer team's defeat at the hands of the US could be felt on the shores of the South China Sea.

Among the British community in Hong Kong such a disgrace was felt far more keenly than obscurely distant rumblings of domestic discontent about John Major's leadership.

I flew back just in time to attend the Saturday of the Lord's Test against Australia, supposedly the highlight of the English cricket season. By the end of the afternoon,

Facing up to being second rate

Dominic Lawson on why Britons have delusions of sporting grandeur

as the England batsmen fell more than 400 runs short of the Australian total, I wished that my flight had been delayed for 12 hours.

The England supporters around me sat silent. The press, of course, observed no such restraint, and the sports writers since then have been vying with each other in their own private competition to see which of their number could most offend the England cricket selectors.

There, I am afraid, lies the heart of our problem. The pundits who are paid to tell us what we think about England cricket, seem unable to believe that the team might possibly be less talented, simply worse, than any other nation. Their

writings are based on the false premise that England are the premier cricketing nation and that it is only the stupidity of selectors and managers which prevents us from demonstrating this to upstart colonialists.

If only, they moan, we had not selected Smith, Gatting and Lewis and instead picked Latham, Thorpe and Igglesden, then we would have been all right.

We seem unable to accept, gracefully and sportingly, that Australian batsmen such as Michael Slater and Mark Taylor might just be better than anything we can produce; that no matter how cleverly our team is selected, we are destined to lose to a better

side. The same disease afflicts England's soccer pundits.

If England ever lose an international match, it cannot be that a foreign nation actually has a higher class of player. No: it must be that great talent has been inadequately harnessed by a bad manager. An inability to come to terms with Britain's decline as a world power on the political stage is somehow more understandable.

Britain was, in trading and naval terms, the greatest empire the world had seen. We are justified in being discomfited by our fall into mediocrity, even if it has been happening for 100 years or more.

But in sport we have no such excuse for delusions of grandeur.

Englishmen imagine that they were once a great footballing power. In fact England have only once won the World Cup, and that on home territory with the aid of a Russian linesman.

Why should England not lose at soccer to the US, a vastly more populous and resourceful country? It is not even as though we field a British soccer team, which would benefit from the skills of the Celtic fringes. Instead Britain continues to imagine that it has the resources and talent to field not one but four separate international sides.

As for cricket, the Ashes, for which England compete against Australia, are themselves a symbol of our sporting eclipse and, in the

100 or so years since, Britons have consistently been found wanting by the country of Bradman and Border.

Perhaps it is only in lawn tennis, another of the games we invented without working out the humiliating consequences, that we are realistic.

At Wimbledon we accept that defeat can be heroic, and that victory is not a right. Does it matter that England is a second rate sporting nation?

One person to whom it undoubtedly does matter is John Major, the prime minister. How much better it would be for him, just for once, he could be identified with success; Harold Wilson always claimed that England's World Cup victory of 1966 was the main reason for his government's re-election later that year.

Dominic Lawson is Editor of The Spectator.

To the right, smartly

Michael Thompson-Noel



YESTERDAY I attended the morning editorial conferences of *The Daily Telegraph*, *The Sun* and *Daily Mail* - three staunch defenders of the British way of life - do this periodically.

for it keeps me in touch with right-wing opinion. I am always welcomed warmly.

The reason I am warmly welcomed is that I am related, by birth, to all the great proprietors and to many of the editors of Britain's national newspapers. I have a smart card to prove it, a golden piece of plastic that whistles me through the security cordons that all newspapers use to shield themselves from readers.

As usual, the conference at the *Telegraph* resembled a full-dress planning meeting for a spectacular act of war. There were maps on the walls and stacks of computer print-out. On the editor's desk stood a life-like model of a Trident nuclear submarine. When the editor walked in, everyone stood and saluted him. He was wearing an air vice-mar's cap and a bombarding pilot's plumed hat that was not of this century.

Gentlemen, he said. I liked this morning's paper. It had blood, sweat and tears. It offered high-precision gunnery. Also excellent work by the cavalry. But where was the wreckage of the *Telegraph*? Our coverage of Michael Mates' resignation was without doubt first-class. And the sports desk got its finger-out with some rousing stuff on the battling Brits at Wimbledon. Peterborough shone. Arts was up to scratch. And I liked the tailpiece letter from Ian Hamilton Fazez, about Mekons and dinosaurs.

But there were blemishes, gentle-

HAWKS & HANDSAWS

men. The weather report offended me. Let me quote from the start: "General Situation: Patchy mist and fog in England and Wales will soon clear to leave a dry day with fairly sunny skies. However, it will become cloudier in the north later, but still bright." It is expressly stated in standing orders, gentlemen, that the word *however* is never to appear anywhere except in editorials - least of all in the weather.

Second, there was no reference this morning to world war two. I have told you repeatedly that the 50th anniversary of world war two is to be a daily feature of our current circulation drive. Next year we will be celebrating D-Day itself. Starting Monday, I want a block-buster summer offensive to establish the scene. For a month I shall edit the paper from an office in Bayeux. That is all, gentlemen. Dismiss.

Round at the *Sun*, I expected the editor to be furious at the way his staff had squandered the best tabloid story of the week. It started: "Giving up sex can kill you, a boffin warned yesterday. Professor John Copeland claims our bodies waste away when we stop having nookie. He said: 'Once reproduction has stopped, maybe the body gets the message that its usefulness has ceased.' The story was crammed into just 90 centimetres.

Come to think of it, 9cm is probably par for the course for most *Sun* readers. But the editor was indifferent. He looked broody and troubled. Apparently (sources tell me) he has not been the same since the *FT* afforded him space to propagate his peculiar brand of Euroscepticism. The experience went to his head. Now he has gone all serious. Has ideas above his station.

There are a hundred and one things we should be doing, he screamed at his minions yesterday. I want major *Sun* series on EC competition policy, cross-border deals, the transparency of merger control, Bundesbank interest rate policy, EC employment prospects, privatisation, banking and financial deregulation, labour costs and productivity, and whether Russia's plan to offset rare earths and metals has a strategic downside for companies in Britain. We owe it to *Sun* readers to keep them abreast of serious news. There is more to life than this, you know.

At the *Daily Mail* the editor looked pleased with yesterday's issue, which mixed good-to-midling columnists with *Mail*-type clamminess (Andre Agassi's chest hair; Raine Spencer's diet).

In accordance with *Mail* tradition the editor conducts his morning conferences while sitting on a throne, attended by flunkies and a sweet choir of eunuchs. Yesterday, in front of him, prostrate and forlorn, lay a broken, penitent figure whom I took to be John Major. But I could not approach the throne. The crush was too oppressive. So I tiptoed away, dumbstruck and awed.

Private View/Christian Tyler

Why this dealer is feeling a bit antique himself...

DEALERS lounged in booths tricked out like Mayfair drawing rooms, staring at the tanned legs of Girl Fridays sashaying down the aisles. Among the Salisbury bag-carriers the occasional shopping queen stood out - mane of hair, gold bangles, her decorator dancing attendance. It was June, the peak of the London selling season, and a stiflingly quiet day at the Olympia antiques fair.

Halfway down one aisle, beside a nude Apollo, I found the exotically-styled Edric Van Vredenburg, the very picture of an antique dealer with his grizzled beard, pony-tail, burlesque eyes and morose expression.

The way he talked about the recession prompted the question: so how is your business different to running a hardware store?

"It's not any more," he became emotional. "It's not. That's just the point. When I first came into the business you could be an antique dealer first. You bought and it was - this is a very important word - fun. You could enjoy it. You worked hard. I worked six days a week, seven days a week. I enjoyed it. I made a living. I didn't make a fortune. But I had a lot of fun."

"Now, you have to be an accountant, you have to be a tax consultant, you have to know about foreign exchange. It's hard."

Why don't you pack it up altogether?

"Can't afford to. I've got to make a living. Having done it for 30 years it's what I know how to do best."

Like any businessman in a recession - and more prudent than some - Van Vredenburg began running down his £500,000 inventory and paying off his overdraft 18 months ago. Now in the clear, he has further decided to give up his little gallery in Bury Street, St. James's, at the heart of the London antique trade, and deal from his house in Portobello Road instead. Why?

"Selling costs a lot of money today, especially in this city. The wheel clamp is a nightmare, parking is a nightmare, rates are a nightmare and rents are a nightmare."

Worse still, people were not coming to London any more. By "people" Van Vredenburg means Americans. What about the Japanese? "Their houses are too small to accommodate antiques." He blamed the big auction houses for shortening their selling season, suggesting that Sotheby's and Christie's were more interested in New York, Monte Carlo and Geneva than London. "They are more like real estate agents than antique auction houses now, more accountant-driven than expert-driven."

It is the kind of stock-in-trade pessimism you would expect from a "WESTERN EUROPE enters the 1990s with a new-found confidence that would have seemed fanciful only a couple of years ago. Gone are the pessimism and talk of 'Euroclerosis' bred by chronically rising joblessness. Instead, confidence has returned, employment expansion has resumed and investment has surged."

This passage from the February 1990 edition of *World Financial Markets*, published by the bank, J.P. Morgan, is not reproduced in any spirit of malice or Schadenfreude (see here) but as a reflection of how people saw things in those distant days. The Copenhagen summit showed how distant they are.

As *Die Welt* put it: "Nobody thought that the blooming European economy would fall behind the US and Japan. So that brings up a painful question: will Europe refuse this challenge, just as it did the conflict in Yugoslavia? The 20m unemployed in the EC destroys the reputation of one of the great world economic organisations which sang to its citizens of the welfare-promise

farmer grumbling in his Jag. The fact is that Van Vredenburg, 43, is also beginning to feel his years.

"I've got to an age where I know there are other things than dealing in antiques," he said finally.

What are they?

"Well, people, among other things. Working with people, enjoying people's company. There was a little notice quoted in a newspaper last year about a gallery in St. James's that said 'Gone mushroom picking or fishing'. It happened to be me. I rather enjoy mushroom picking. If you have to run a gallery you don't have time to do things like that."

"And I want time to travel as well. I'm a hundred per cent antique dealer. When I'm abroad I like to look at a museum or a house. It's important to do that."

Antiques dealer Edric Van Vredenburg is feeling his age as the recession continues to bite. But he still buys to his own taste, dislikes vulgar bargaining and would hate to be thought of as a wheeler-dealer

You're learning the whole time. I've realised in the last eight to ten years how little I do know."

Are there other reasons for giving up the gallery?

"Yes. You find less things." In auctions that week he had found barely half a dozen things worth looking at and only one he really wanted, a circus painting, estimated at £5,000 to £8,000. "I went to sixteen and a half. It went to eighteen. I wasn't even the underbidder."

He suggested another reason for pessimism: AIDS. He has noticed that some of his best clients, homosexual decorators from America, have just disappeared.

On the other hand the financial disaster of the Lloyd's insurance market, which this week reported a £2.9bn loss for 1990, will bring a lot of antiques on to the market. *The Antiques Road Show* on television has flushed objects out of attics. But the trade had become too commercialised. "Everything is an antique, from a Dinky toy to a Roman sculpture. As soon as the

money-men get hold of anything they do it to death."

It seemed odd for an antique dealer to disparage money-men. Are you a typical dealer? I asked him.

"No. I'm probably more extrovert than most, in the way I express myself, in my behaviour, in the objects I buy."

I thought all dealers were showmen and wheeler-dealers, I said.

"Some may be. I hope I'm not any of those things. I would hate ever to be called a wheeler-dealer."

This dealer is descended on his father's side from Dutch hurgomelsters who emigrated to the US in the 17th century. His mother's family were Russian Jewish refugees. The son, academically weak but visually acute, was a frustrated architect who at the age of 17 joined his father, a former entomologist at the British Museum who had gone into porcelain.

Father and son fell out 15 years ago but have made it up since. "Probably if I'd gone to work for someone else first our attitudes to each other would have been different," Van Vredenburg said. "It's a typical father-son thing."

He considers himself a small dealer. The most he has paid for an object is £100,000, for a 16th century marble bust of the Roman emperor Commodus at the Castle Howard sale last year. But what sort of dealer?

"I've been asked that question many times. It's been said I have an eclectic taste. I like beautiful objects, I like a beautiful painting, a beautiful piece of furniture, a beautiful piece of *pierro duro*, and sculpture."

Do you buy only things you like yourself?

"Generally speaking, yes. When I say I buy for me, I buy first. I hope, with knowledge, second with taste - my taste - and then I hope the client likes my taste."

Have you anything you wouldn't ever sell?

"Not now. If you'd asked me that question five years ago I would have said yes. I've got quite a few things at home I've had for more than 10 years, some even for 20 or 25."

Are you sentimental?

"Not about the objects."

Do you ever get sick of objects?

"For a while, sometimes. But then something comes up and it does something to you. I think more than the pot of gold, the great bargain, the big windfall, you get your excitement from the really beautiful or interesting thing you come across occasionally."

What about people? Are you hard-hearted with them?

"I can be both. If I don't like someone I can be very tough. If I like somebody I think I'm pretty soft. I have both sides to my character. I mean, I've fallen out with a lot of antique dealers because I don't like their attitude. I don't like dishonesty. For the first time in a long time I am suing someone who owes me money. I'm only doing it because the person wouldn't discuss it."

I asked about stolen goods. "It's not something I come across very often. There were people that one knew in London who imported things from Italy, for example. That is usually easy to tell, and word soon gets round." But once he was offered a half share in a bronze head which he discovered had been stolen from a church in the City.

How does a buyer know if he's dealing with a rogue?

"How would he know if he goes to someone who's advising him on stocks and shares? He jolly well goes and finds the right person. If you just walk into a shop you don't know. If you are spending money you find out about the person



you're spending money with. "The problem with a lot of clients is they don't expect the person giving them advice to earn money from it. What are they in business for? Most people who have money to spend make it in business in some form or another. They expect to be paid, and usually quite well. But when it comes to spending money they'll spend it very freely without getting advice and then moan about it afterwards."

Do you bargain?

"I'll discuss, yes, why not? I prefer not to. It depends on the client. Personally, I prefer to know my client and say I want such-and-such a price. That's it. I don't want to have a big fight."

"On the other hand there are some people who will never - never - pay the price you ask them."

The richer people were, the more they disliked talking about when they would pay. Such talk they considered vulgar. "So I have this 'when-do-you-pay price'."

Van Vredenburg said his mark-up varies from 30 to 100 per cent depending on the object. "To average 100 per cent is very rare in this trade, in spite of what punters think." Bargains, too, were rare. "You could not base a business on them."

Have you made a lot of money? "I've made a living, not piles in the bank. A good living, but I still have to work."

What would make you give up altogether?

"I don't think I could altogether. There's still enough to enjoy. It gets less and less, but still enough. If I did extremely well - when I say that I mean if I had between a million and five in one fell swoop, I would have no doubt about moving aside and spending far less time on it."

"It's like any other business: keep your eyes open, keep changing, be modern. I've given up the shop before. I might open a shop again, who knows?"

who threaten Europe's prosperity. While this is typical of the nonsense emanating from that capital these days, it is hard to avoid the impression that, in fact, Europe is coming to see itself as entering a new sort of ideological war to replace the old one.

Yet, even at the risk of making my own observations appear rather less pertinent than I would like, we are probably the victims of Euro-morosity and Euro-anxiety. After all, if all these ghastly things we talk about are true now, they cannot suddenly have become true in the past three years.

Some time soon, I expect I shall be writing: "Western Europe is entering the 21st century with a new-found confidence that would have seemed fanciful only a couple of years ago. Gone are the pessimism and the talk of Euro-unemployment bred by chronically rising joblessness..." Well, you can write it yourself.

The response, as we have seen most notably in France, is to spread a new myth of the Yellow Peril. The Paris papers write of "Asiatic Ants"

As They Say in Europe / James Morgan

Oh, for the good old days

of the internal market and the Union-anthem of the 'splendid times' of Maastricht."

As *Die Welt* noted, and J.P. Morgan said at the time, the optimism of those days was based on the belief that the single market could solve most of the economic problems while the collapse of communism had solved the political.

The latter event has, in fact, supplied one of those themes dear to novelists of the lesser kind: how a man wastes away once his lifelong enemy dies.

Europe provided the main arena for the ideological battle. The western victory was that of the European Community; but the battle absorbed so much physical and intellectual energy that the victors were left wondering what to do for

their next trick. They came up with two devices. The single market was already in the making and had to be completed. Then, Maastricht, and the plan for a nicer kind of union ensured that navel-watching became the order of the day. On a wider front, the western system no longer had to prove itself; it had won.

That was before unemployment resumed its climb. But the great thing about having 20m west Europeans unemployed today, as opposed to 60 years ago, is that there is little likelihood of those responsible being challenged by alternative views. Contrary to some over-heated reports, fascist stormtroopers are not stomping through Bonn or Berlin. And the nearest thing to a red mob is Liverpool FC

Supporters' Club.

Choices do, however, remain. A theme of the Copenhagen meeting was what was often portrayed as the unfair competition coming from South-East Asia and even the US.

Niels Helveg Petersen, the Danish foreign minister, spoke disparagingly of US society - it was a regrettably unregulated model which had led to the creation of a potentially criminal underclass. Asia provided the "uncaring" model. Europe had to maintain its specific role as the supplier of free market welfare.

The trouble is that this system translates automatically into government spending and extra costs. In Asia, welfare comes from self-provision, the classic example being Singapore's Central Provident Fund - in effect, a system of forced sav-

ing. The government exacts a levy on incomes to provide direct investment in the national economy which, in turn, becomes a pension fund.

So, if the premises are true, the oriental system leads to saving and investment, the European to excess state spending and budget deficits. Europe has made its choice, which would seem to be the civilised option. And, as Oliver Wendell Holmes (or someone very like him) said: "Taxes are the price I pay for civilisation." But it has produced a system that has to "care" above and beyond the purposes for which it was designed originally.

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James Morgan is economics correspondent of the BBC World Service.